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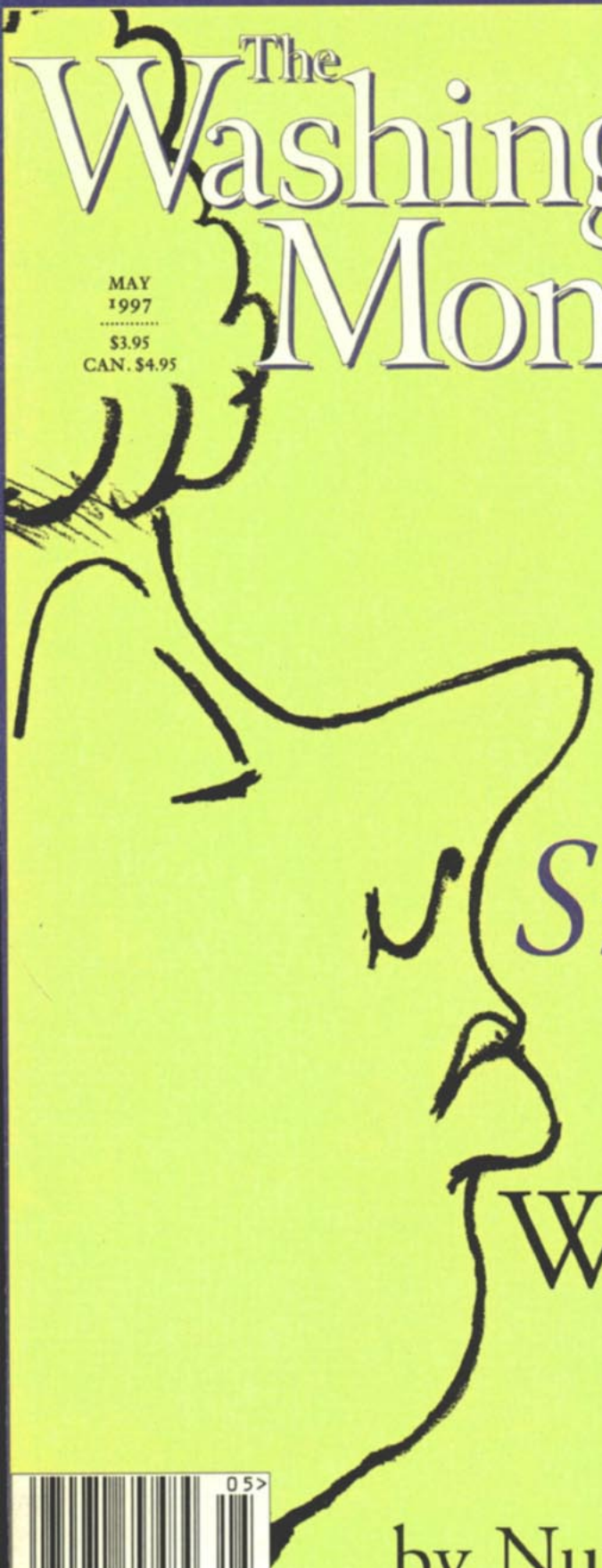

Stop *Snubbing* The Washington Times

by Nurith C. Aizenman

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Letters

A Case of Bias

The Monthly's decision to have my book on economic espionage, *War By Other Means*, reviewed by Robert Dreyfuss ("A Thin Case," April 1997) was something like sending a Union sympathizer to the Ku Klux Klan for a hearing. Dreyfuss wrote three axe-grinding pieces about how allegedly villainous U.S. intelligence agencies use economic intelligence against countries like Japan and France before my book—which presents the U.S. largely as a victim—ever hit print.

Most of the literature on this subject consists of unsubstantiated war stories, and Dreyfuss's pieces in *Mother Jones* and elsewhere are no exception, citing "sources in the intelligence community," "a former United States intelligence official," and "a recent CIA retiree." While you may not agree with my stories, they are documented with over 400 footnotes. This might seem a small, niggling point to some people, but I expected *The Washington Monthly* to recognize the difference. Basically you paid someone to recycle his old war stories in a review attacking my book for making "A Thin Case." Would you like to buy a bridge?

JOHN FIALKA
Washington, D.C.

In Defense of Marx

Without commenting at length on the David Ignatius review of William Greider's *One World, Ready or Not: The Manic Logic of Global Capital* ("The Marx Mistake," April 1997), I do wish to make two points.

First, Ignatius claims Marx "didn't reckon on technological ingenuity," having written before the inventions of Edison, Bell, Gates et al. "amplified productivity, lowered costs, created jobs and wealth on an astounding scale." But what Marx in fact was chiefly trying to understand was the astounding creation of wealth in his day—and why, despite such wealth creation, the vast majority of people had very little wealth, still the global norm today.

Second, Ignatius describes Greider's argument for "taxes on wealth" as one of many "rigidities" that are "likely to make things worse." If Ignatius really does have "persuasive" evidence against a (non-confiscatory) wealth tax, he would do well to share it with us. Or is it self-evident that such a tax would so gravely harm the job and wealth creation efforts of Edison, Bell, Gates et al.?

JONATHAN S. SHEFFTZ
Cambridge, MA

The editor responds:

Because this magazine has such high regard for both John Fialka and William Greider, we did not publish reviews that were critical of their books without making sure we agreed with the main thrust of each. That being said, we apologize to Fialka for not knowing that the author of his review had a previosuly well-established position that he or we should have disclosed. On the matter of taxing wealth, which David Ignatius opposes, we agree with Greider. This magazine has favored socking it to the wealthy from our earliest days. Not because we're Marxists but because we're FDR Democrats who believe that the rich who have received such disproportionate benefits from this country should repay it disproportionately.

Out of Touch

What were you possibly thinking of in Nicholas Lemann's article, "It's Not As Bad As You Think It Is"? (March 1997) Was Lemann on deadline with a topic that had bedeviled him? Where is the acuity of *The Promised Land*, et al.?

Robert Samuelson went down this road with his surrealistic *The Good Life and Its Discontents*; why travel that pollyanish path? I agree that bleakness is not in order, but let's get real—there are enormous social, economic, and political challenges that face the country that far surpass balanced budget issues. You discount all of these and crunch some numbers that are embarrassingly off point. In fact, the question that comes to mind on reading your article is: Where has Lemann been living? On what planet has he been residing? And by what peculiar stretch of the imagination could he write that America's social and economic problems are heavily concentrated at the lower end of the society?

Why not take some time off and do some more research and reflection and avoid embarrassing yourself again? Read, if you haven't already, Mark Gerzon's *A House Divided* (reviewed in the same issue), Jonathan Kozol's *Amazing Grace*, Jonathan Rieder's *Canarsie*; Alex Kotlowitz's *There Are No Children Here*; plus books by George Kennan, Robert Kuttner, Jay McLeod, Lawrence Levine, Lester Thurow, Edward Luttwak, et al.

JOHN PIERRE AMEER
Cambridge, MA

Parochial Sweatshops

Parochial schools may well be more efficient than public schools, but using the raw per-pupil expense figures ($2,400 vs. $6,000 annually, on average) is unfair to the public schools. After all, the Catholic school system in particular is staffed, in part, by members of religious orders, who don't receive regular teachers' salaries. And even the wages of lay faculty are held down by court rulings that exempt religious schools from the labor laws. For Charles Peters to quote those unadjusted figures ("Tilting at Windmills," April 1997) is, implicitly, to argue that public school teachers should be paid sweatshop wages. And how does that square with his self-admitted obsession with recruiting better people into government?

MARC DESMOND
Brooklyn, NY

Apples and Oranges

I so seldom disagree with Charles Peters that I feel obligated to take issue when I do. In the March "Tilting" column, he says that "many liberal organizations" do the same thing that Newt Gingrich did in using tax-exempt non-profit funds for political purposes. I believe he missed the crit-

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ical difference. Non-profits are not barred by law or by enlightened public policy from arguing political issues, or from using a fraction (up to 20 percent under some circumstances) of their funds directly for lobbying. In fact, I would argue they should be encouraged to do so. What is an absolute no-no is to support political candidates. That is what Newt Gingrich is censured and fined for.

I am not a fan of *Mother Jones* or *The Nation*, although I find the *American Prospect* sympathetic, if sometimes long-winded. But what they do and what Gingrich did are as different as obeying the law and disobeying it.

ADAM YARMOLINSKY,
PROFESSOR OF PUBLIC POLICY
University of Maryland
Baltimore Campus
Baltimore, MD

Mixed Messages

"The DOE's Dirty Laundry" (March 1997) by Simon Walsh implies the need for a reverse Manhattan Project to clean up nuclear weapons waste. Bringing more expertise in-house is worthwhile, especially if it is joined to recent initiatives to make nuclear waste cleanup policy work and an evaluation of reasons it has not. Unfortunately, Walsh argues against himself at times. He criticizes private contractors for absorbing DOE money to train for tasks for which they are ostensibly hired, then advocates hiring more technical experts from private industry. Walsh's mention of the further technological developments needed suggests that the task may be unmanageable, even if more people are excepted from civil service rules to accomplish it.

RICHARD H. STALLINGS
FORMER MEMBER, U.S. HOUSE
COMMITTEE ON SCIENCE, SPACE,
AND TECHNOLOGY

MICHAEL CAMPILONGO
FORMER GENERAL COUNSEL TO
THE OFFICE OF THE NUCLEAR
WASTE NEGOTIATOR

Damned if We Do...

OK, OK, Joseph Nocera. We get the message. We watched the *Frontline* program and read your article "Betting It All on the Market," (Jan./Feb. 1997) and we're as nervous as you say we ought to be. But as you point out more than once in your article, we feel we have no choice. Do we? My bank savings account currently pays 2.52 percent interest. The government securities fund of my 401k plan earned 6 percent last year while the stock fund earned quadruple that. What are we to do? Invest in gold? in land? Discreetly squirrel away our stock dividends in money markets with one hand while we continue to dollar-cost-average with the other? Or are we baby boomers doomed to watch the bottom fall out of our carefully accumulated nest eggs from the sheer demographic weight of our numbers? Perhaps the last economic laugh will be on us—we can never retire.

LORRAINE ROHLIK
Jessup, MD

Broadcast Blues

Brian Lamb's article "An Accidental Victim" (March 1997) shows the effects of micromanagement by Congress. Fortunately, in this case, the problem can be remedied very easily. Simply unplug the broadcasting stations (both television and radio) and let everyone get their television (and soon, radio) either by direct broadcast satellite or by cable.

JACK HALEY
Warner Robins, GA

Going to Extremes

The ACLU ("Tilting at Windmills," April 1997) is a perfect example of one of those things I learned during my perambulations, which is this: Almost every movement—political, pseudo-religious, or otherwise—will be taken over sooner or later by its lunatic fringe, which will turn it from a perfectly valid and respectable outfit into a laughing stock. The reason for this is that the lunatic fringe are the fanatics who are willing to fight tooth and nail for "not one inch." The others either give in or leave.

ERWIN FUCHS
Seattle, WA

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Tilting at Windmills

BY CHARLES PETERS

William III • Clean Favors • Dialing for Dollars • The First China Lobby • Natural Born Klutzes

"SAY THAT 'TIS DONE AND I WILL love thee and prefer thee for it." The words are from Richard III, but the thought must have been what Bill Clinton was trying to impart to Thomas "Mack" McLarty and Erskine Bowles, when they came to understand they should "take care of" Webster L. Hubbell.

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BLESS SENATOR ORRIN HATCH, A Republican from Utah, for coming out for an increase in the cigarette tax to pay for health care coverage for uninsured children. So few Republicans seem to give a damn about providing health care for those without it, and so many Republicans seem in mortal fear of losing campaign contributions from their friends in the tobacco industry. His colleagues have been telling me that Hatch is a better man than he appeared to be during the Anita Hill-Clarence Thomas hearings. Now I see what they mean.

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FOR A COUPLE OF YEARS NOW, THE economy has been carrying on a great experiment, demonstrating that we could increase employment without increasing inflation. Economists who argued unemployment must be kept at 6 percent or higher to prevent excessive inflation have had to steadily adjust their figures downward as unemployment dropped to 5.2 percent without producing the disasterous rise in prices they had predicted. Then, still with no increase in inflation, Alan Greenspan cut this great experiment short by increasing interest rates. Now we will not find out how low unemployment will go without inflation, because even if there is no inflation, the credit will go to Greenspan for raising interest rates.

The tragedy is that no one remembers that we have had low inflation with low unemployment (*below* 5 percent) several times in our history—most recently for substantial periods in the '50s and '60s. But a generation of economists and business reporters have come along with no memory of these events or the truth they proved. They will credit Greenspan with taking a tough stand on inflation. He will become even more sanctified than Paul Volcker—and all future Fed chairmen will think they must behave the same way if they too yearn for any respect.

Does it really make any moral difference if Al Gore leaves his office and goes across the street to use the pay phone in a restaurant?

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DO FEDERAL PROSECUTORS HAVE their priorities straight? I ask the question because recent Justice Department statistics reported by Jerry Seper of *The Washington Times* show that, although the number of defendants indicted for drug offenses rose to 21,505, the number of defendants indicted for violent crimes dropped to 8,291. The conviction rate for each was 86 percent. That means prison space is being allotted at a rate of more than two-to-one to drug violators over violent criminals. Isn't it the violent we most need to protect ourselves from?

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IF YOU LIVED THROUGH THE '50S and '60s there is another interesting fact that you will be aware of: Now is not the first time the Chinese have tried to buy American politicians. One of the most powerful lobbies in Washington was called the China Lobby and was run by Chiang Kai-shek's Nationalists, who by then had been driven from the mainland to Taiwan. The story of how "Chiang Kai-shek made huge political donations to U.S. congressmen and their parties" was recently retold by the *China Times*, in a story we learned about from the Associated Press.

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LAST MONTH I SUGGESTED a prohibition on talking on your car phone while the vehicle is moving. I have since learned that such a law is already in force in at least three countries—Switzerland, Brazil, and Israel.

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LET ME SAY ONE MORE WORD IN defense of the Clintons' use of the Lincoln Bedroom as a political favor. If you want to live honorably in politics and not sell influence over your official acts, you are always desperately searching for "clean" favors you can do for those who have helped you. Can you help the contributor get his daughter in the college she wants to attend? Can you help find the right doctor or hospital when he or a member of his family is ill? You have similar concerns when you're raising money for a political magazine.

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Assuming you're a reasonably decent fellow, you don't want to sell influence. So what can you do for the people who invest, especially when, as was the case with the *Monthly*, the prospect of profit was not high? You look for that innocent favor. I remember how delighted and relieved I was when the only favor asked by Warren Buffett—who had sunk $82,000 in the magazine and who I did not know well enough to be sure of what he might expect in return—was to be introduced to Katharine Graham.

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THAT DEREGULATION IS ALWAYS devoutly to be desired, sacred writ among conservatives, has once again been cast in doubt. This time by a front-page story in *The New York Times* by Mark Landler. It begins: "Thirteen months after the telephone industry was deregulated in the name of free-market benefits for consumers, the public might soon see the first tangible result of competition: higher phone bills."

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AN UNSUNG HERO DIED LAST month. His name was W. Lain Guthrie. He was a commercial airline pilot. And he was a whistleblower. In the 1950s and 1960s, he attacked the Weather Bureau for calling smog natural "haze" when it was clear from the vantage point of pilots in the air that the haze was caused by industry and traffic. Later in 1970, he took a stand against the practice of dumping huge quantities of kerosene fuel from airplanes which, according to *The New York Times*, "made runways greasy, increasing the risks that pilots faced when applying the brakes on landing, and contributed to the smog and poor visibility that they regarded as the most common hazard they faced."

For his stand against the Weather Bureau, Guthrie had his pilot's license suspended for 60 days. His protest of kerosene dumping got him fired by Eastern Airlines. Fortunately, other pilots came to his support, he got his job back, and the airlines stopped dumping the fuel. This kind of happy ending is, alas, not always the fate of the whistleblower. But it's comforting to remind ourselves that occasionally the good guy does prevail.

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THE LAW THAT SAYS GOVERNment officials can't raise money in government buildings seems pretty silly to me. Does it really make any moral difference if Al Gore leaves his office and goes across the street to use the pay phone in a restaurant? My guess is that the law was designed to protect career civil servants from being shaken down by the political appointees who are their bosses. That should be forbidden. But why should the location of the phone from which the official solicits other contributors have any significance? Nevertheless, both parties have been forced to devise what *The Washington Post* calls "elaborate systems" to comply with the law: "Senators and House members, sometimes accompanied by staff members, hustle over to their party headquarters on Capitol Hill to make phone calls from 'private' turf. ...For his last run for office in 1990, [former Senator Paul] Simon rented a one-room office with a phone on Massachusetts Avenue."

The problem is not where the calls are made but what deals are made—or implied—during the calls. And underlying that problem is the need for money in the first place.

The best way to reduce the need is to require broadcasters to give free time to candidates and to make that grant of free time conditional on the candidates' not buying time for those manufactured commercials that cost a bundle to produce and are almost always mendacious. Candidates spent $400 million on television commercials last year compared to $25 million in 1972. $113 million of that expenditure came from the Clinton and

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Dole campaigns alone.

To their great credit, Bill Clinton and FCC Chairman Reed Hundt are supporting free time. Opposed to them is the powerful broadcasting lobby. According to Eamon Javers of *The Hill*, CBS has four lobbying firms, Capitol Cities-ABC three, and NBC two plus the 17 employed by its parent, General Electric.

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WHY DIDN'T TONY LAKE KNOW what his subordinates knew about foreign campaign contributors trying to influence the Clinton Administration. "Maybe," speculates Mary McGrory, "Lake let it be known that he wanted to be spared the sordid details of the commander in chief's passing of the hat." In Leonard Garment's new book Crazy Rhythm, he describes similar feelings during Watergate: "Though Fred Buzhardt and I complained about not having access to information necessary to defend Nixon effectively, we were also protecting ourselves by letting Nixon decide what we could hear and see."

I'm not in a good position to feel righteous about what Lake and Garment didn't see. During the 1960 Democratic primary in West Virginia, I was similarly incurious about what my colleagues in the Kennedy campaign were spending. Based on what I knew then from an investigation that was certainly not excessively thorough, I estimated our total expenses at around $200,000. Subsequent revelations have required me to revise that figure to $500,000. And an old friend tells me he's working on a book about the Kennedys that will make me push the figure even higher. But I will never be convinced, no matter how much money was spent, that John Kennedy's victory in West Virginia was bought. Nobody ever bought 20 percent of a statewide vote in West Virginia and that is what Kennedy's margin was. The power of money in the state is real but not as great as outsiders tend to think. Several wealthy candidates have been defeated in state-wide races by less well-heeled opponents. Remember, Jay Rockefeller lost his first race for governor.

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THE COMING BATTLE FOR FREE TV time will be crucial to the political health of the Republic. The public needs to be fully informed about it. But *The Washington Post*'s report of the Clinton-Hundt free time story ran on page 7. To the credit of *The New York Times*, its story of the event by James Bennet ran on page one.

But even Bennet, whose work I usually admire, can yield to the temptation that seems to overwhelm most of his fellow journalists to emphasize news of scandal instead of news about solutions. On a day when Clinton made an appearance at a political fund-raiser and gave a speech about reforming public education, Bennet devoted the first four paragraphs of his article to the fund-raiser and did not get to the most interesting element in Clinton's speech—"Mr. Clinton also appealed today for schools not to waste money on bureaucracy that could be spent on teaching"—until his 11th paragraph, just three away from the closing sentence about the President's plans for weekend golfing.

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MARY MCGRORY HAD ANOTHER observation about Tony Lake's ignorance that is worth repeating: "The single most bizarre detail in this huge anthology of weirdness comes from Attorney General Janet Reno's failed attempt to tell the national security adviser about the Chinese devil-try. She couldn't get through, she says, and gave up. Technological advances like e-mail or more traditional support systems that take messages, called secretaries, are not available at the NSC?"

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SPEAKING OF INCURIOSITY, last month we noted how successive secretaries of education have managed to ignore what's been going on under their noses in the District of Columbia schools. And this month, I learned that the FDR memorial, the most important recent project of the Park Service in Washington, had not been visited by just-retired Park Service Director Roger Kennedy, or by his boss, Secretary of the Interior Bruce Babbitt, during the four years they were in charge of its construction.

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"THE MOST EFFECTIVE MEDICAL board in the country is in Mississippi, a state that disciplined about 10 per cent of its physicians," reports *The Washington Post*. The *Post* then proceeded to support its conclusion with this statistic: "Mississippi officials last year imposed 45 serious disciplinary actions such as license revocation or restriction; there were

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4,621 doctors practicing in the state." That sounds more like 1 percent than 10.

Indeed a chart that accompanied the Post article showed no state taking disciplinary action against more than one per cent of its physicians. This, despite a study by Harvard researchers that estimated 80,000 deaths caused annually by medical negligence, mainly by doctors.

The terrible job done by the medical community in policing itself is what justifies those medical malpractice lawsuits that physicians detest. Why don't the doctors wake up to the fact that they could gain public support for a prohibition against outrageous malpractice suits if the doctors demonstrate that they will punish the incompetents in their midst. Revoking the license of the bad doctor would protect society more effectively than a jury verdict that is paid for by his malpractice insurance and that permits him to continue butchering patients.

The best solution to the problem of excessive malpractice verdicts is a no-fault system that will compensate for disability and lost earnings but not for the infinitely inflatable damages for pain and suffering that eloquent lawyers wring from too many juries. But few of us will be willing to support the no-fault approach until the doctors show they will get rid of the bad apples in their midst.

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ANOTHER GOOD PROPOSAL BY Bill Clinton that was buried by the press was the plan he announced in February to double the number of children adopted from foster care. There seem to be two reasons this story was not played more prominently. A lot of people in the press assume that any good idea presented by Bill Clinton is motivated solely by cynical political calculation. The other reason is that many feminists are less than eager to promote adoption because they fear it implies that unmarried pregnant women should choose adoption over abortion. Certainly if adoption into a good family were a more likely prospect for the baby, fewer women would choose abortion. That shouldn't be deemed a bad thing, even by believers in choice, of whom, by the way, I am one.

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ANOTHER JOURNALIST I USUALLY admire, Al Kamen of *The Washington Post*, recently fell into error when he ridiculed Bill Clinton for reminding a group he was addressing that the hero of the movie *Dante's Peak* worked for the U.S. Geological Survey. Clinton should do more, not less, to call attention to the important work many civil servants do—and much, much more to attract the best young people to government service and find places for them in the era of downsizing. We shouldn't make fun of him for at least taking a step in the right direction.

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SPEAKING OF TEACHING, THE state of Virginia, under the leadership of Gov. George Allen, is emphasizing a fact-based approach to the way history is taught in the public schools. Allen's concern is exactly what mine has been: that students can't think about history without having facts to think about. In recent years, an emphasis on thinking about broad social trends far too often left students bereft of factual mooring.

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NOT LONG AGO WE POINTED OUT how little money was spent on malaria research compared to AIDS. Now comes the *National Journal* with figures that show heart disease, breast cancer, diabetes, and Parkinson's disease all get far fewer dollars per person afflicted than goes for AIDS research. The power of publicity is demonstrable by the fact that breast cancer runs second to AIDS in money devoted to finding a cure.

The great progress made recently in treating AIDS is another example of the point made by Michelle Cottle and Sherri Eisenberg in their article on rebuilding the Santa Monica Freeway. Nothing seems to stimulate effort like the glare of the public spotlight.

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SPEAKING OF THE PARK SERVICE, its headquarters bureaucrats just did one of those things that big shots in Washington do that drive subordinates in the field 'round the bend. In early March, just when summer hiring for the national parks was getting in full swing, Washington ordered all hiring stopped "because concern has been expressed about the diversity composition of our seasonal work force. Therefore, effective immediately...no hiring may be done for the 1997 summer season...until the information requested by the department" on "race/national origin and gender composition...has been received...and reviewed by the department."

I pity the poor manager in the field—347 sites are involved, according to Ruth Larson of *The Washington Times*. Anyone who wants to engage the ablest young people in the summer knows you have to move fast, and that later than April is often too late.

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WHEN W.H. AUDEN CALLED OUR era "the age of anxiety," he must have been thinking of fellows like me. I'm like a character in a Woody Allen movie—with a new worry every day. The latest is the decline of the full-service gas station. What will natural-born klutzes like me do? I imagine myself trying to put gasoline in the tank and causing a major conflagration as I spill fuel just as another customer is lighting his cigar.

I have an idea. Why doesn't some budding H & R Block—what do those initials stand for? my guess is Herman and Ralph—offer a course in how to fill your tank. Klutzes can learn. I once managed to change a tire. Of course, it took three hours, but I did it. What we require is patient instruction. Call if you want to help.

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Government Can Work

The Santa Monica story

BY MICHELLE COTTLE AND SHERRI EISENBERG

QUICK—NAME A MAJOR SUCCESS THE federal government has enjoyed in the last 30 years. Public school reform? No. The wildly popular War on Drugs? Not exactly. Health care reform? Ouch. Rural electrification and the interstate highway system? OK. You got us there.

Still, with all of Washington's much-publicized failures, it is easy to see why conservatives' government-bashing strikes a chord with so many Americans. In a recent survey conducted for the Council for Excellence in Government, 42 percent of surveyants could not offer a single important success of the U.S. government in the last three decades. And with the daily news reports of government corruption, incompetence, and waste run amok, why wouldn't Jane Q. Public entertain fantasies of ousting the bureaucrats and turning D.C. into a giant Disney theme park?

But it has long been the mission of this magazine to show that government *can* work. And when it does work, the onus is on all of us to highlight the successes and see what lessons can be applied to other areas. Of course, government's grand, far-reaching achievements are the most memorable, whether they be the accomplishments of the Peace Corps and NASA in the 1960s, or the military's 1990s performance in the Persian Gulf. It is just as vital, however, to recognize government's more pedestrian, yet equally important, small successes, like the Food and Drug Administration's handling of public comments on proposed tobacco regulations (see sidebar), or the Federal Emergency Management Agency's (FEMA's) response to the Midwestern floods of 1993. After all, it is on the domestic front, with the not-so-glamorous projects, that bureaucratic lethargy most often threatens to sabotage action.

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An example of government at its best—which occurred, ironically, just as anti-government sentiment was paving the way for the Republican Revolution—could be seen in the aftermath of the 1994 earthquake in southern California. At 4:31 a.m. on January 17, the Northridge quake rippled through the Los Angeles area, shaking down houses and office buildings, injuring more than 1,500 people, and disrupting power and water service to tens of thousands of residents. But, this being California, the most newsworthy aspect of the damage was the collapse of the stretch of I-10 known as the Santa Monica Freeway.

Anyone who's ever experienced rush hour in L.A. knows the going is tough under the best of circumstances. The Santa Monica Freeway is the nation's busiest highway, carrying well over 300,000 vehicles each day. Traffic crawls and blood boils, turning commuting into the vehicular equivalent of roller derby. When the 6.8 magnitude Northridge quake exploded concrete columns supporting two of the freeway's bridges, the resulting effect on traffic could in itself have been designated a major disaster. Commuters had to be diverted onto alternate highways and surface streets; truckers had to follow long and costly detours. The governor's office estimated that each day the freeway was closed cost the local economy more than $1 million in lost production and wages.

According to the state transportation department, CalTrans, a reconstruction project of this size normally requires two years to complete—one year for design planning and award of contracts, and one for actual construction. But Los Angeles is car dependent, and the closure of a major freeway for more than a few months had the potential for a backlash that would make the city's 1992 riots look like a junior-high pep rally. As an added impetus, this high-profile federal-state partnership affected the politically key, voter-rich state of California. Neither President Clinton nor Cal-

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ifornia Gov. Pete Wilson (who was up for re-election that year) could afford to have it fail. With the entire nation watching, both state and federal governments went into no-bullshit mode. Clinton declared Los Angeles a disaster area (something many of us had suspected all along) and targeted freeway reconstruction as a top priority. Transportation Secretary Federico Peña called for slashing bureaucratic red tape to push through emergency repair funds (the DOT awarded $45 million the first week and another $50 million the following week), and outlined a variety of innovative contracting techniques to speed reconstruction.

It was certainly in the state's interest to expedite repairs. In addition to the project being under intense public scrutiny—nothing generates interest in California like its roadways—cost was a major concern. The federal government was responsible for picking up 100 percent of construction expenses incurred within six months of the quake; beyond that, the state had responsibility for 20 percent of the bill. After intense consultation, officials from the Federal Highway Administration and from CalTrans pledged to reopen the Santa Monica Freeway within six months.

Forget bureaucratic procedure. Wilson issued an emergency declaration, allowing the normally interminable contract approval process to be scrapped. Within 12 hours of the quake, Peña approved nearly $4 million in demolition contracts, and the clearing of debris from the roadways began that same day. For the major construction projects, CalTrans compiled a short list of contractors with freeway construction experience and gave them five days to bid on the project. (Normally, open bidding allows all interested contractors six to eight weeks to respond to an official Request for Proposal.) The contractors assumed a substantial amount of risk in submitting bids, because they were working with incomplete construction plans. (Instead of being allotted the usual 6 to 8 weeks at the onset of a project, the freeway's detailed construction planning took place concurrent with construction.) This risk, coupled with the accelerated schedule set by the Federal Highway Administration and CalTrans, called for establishing serious financial incentives to win contractors' interest.

For reconstruction, state and federal officials decided that time would equal money—literally. Contract awards were determined using an incentive-based formula known as A&B contracting. Contractors submitted bids based on projected construction costs, "A," and the estimated number of days, "B," they would need to reopen the road. (The state set a ceiling of 140 days.) Each day of "B" was valued at $200,000, the estimated direct cost to the public of having the highway closed. The bidder with the lowest total costs (A+B) won the contract. The contractor's guaranteed payment, however, was only for the "A" amount. Then, for every day the firm came in early on its time estimate, it was to receive $200,000. For every day it went over, it had to pay $200,000.

Contract approval took one day, as opposed to the typical 30 to 60. The winning firm was northern California-based C.C. Myers, which pledged to complete the project in the allotted 140 days. In fact, the company reopened the freeway in just 66 days, earning an additional $14 million in incentive pay on top of the $14.9 million it had bid in construction costs. To achieve this miracle, contractor Clint Myers radically expanded his workforce, hiring more than 200 carpenters (65 is average for such a project) and 134 iron workers (the average: 15). Myers's employees and subcontractors worked 24 hours a day, 7 days a week, regardless of the weather.

Far from resenting the project's demands, workers were happy to take home paychecks fat with overtime bonuses. And, perhaps just as importantly, the people involved understood that they were working toward a common goal, laboring to achieve something for the community. Says CalTrans spokesman Jim Drago, "It's the classic model that, when the community bands together...great things can happen."

Of course, no project is perfect—particularly one operating under such a tight deadline. In Santa Monica's case, the freeway's carpool lane was omitted from the redesign, and minor seismic retrofitting had to be done on the bridge columns after the road was reopened. Project planners, however, did not use time concerns as an excuse to waive standard contract regulations. The bidding process remained competitive, and the project still observed federal requirements concerning disadvantaged business participation and "buy American steel" provisions.

Although the achievements of the Santa Monica Freeway project are impressive, it shouldn't take a natural disaster to shake government from its bureaucratic complacency. Certainly, there is much to be learned from the 66-day reconstruction of a major freeway—lessons in cooperative planning, incentive programs, and effective project oversight. But when talking with state and federal officials about the experience, they fixate on the project elements that would not translate well, like the 24-hour work schedule and the sacrifice to other projects the contractor endured. "You'd burn out the construction industry if you tried to operate this way on a regular basis," says Drago.

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But there is more to the Santa Monica success than grueling work schedules. (Especially when you consider that typically, a year of the project would have been eaten up with planning and contract approvals.) Much of what made it possible was that the venture was transformed from a boring infrastructure project into a point of civic pride through public attention and a sense of importance. It is, after all, human—and institutional—nature to perform at your best when there's a sense of urgency to your mission, a feeling that your work has weight and a greater purpose. (Just think about the difference in attitude and job commitment between an army private and a file clerk down at the DMV.) And workers' sense of pride and purpose are driven as much by the public perception of their jobs as by any specific tasks they perform. (After all, who would argue that stuffing a basketball through a nylon net is a skill of intrinsically greater value than teaching a child to read?) In addition, public attention places pressure on government agencies—and private ones, for that matter—to perform honestly and well. One of the most dramatic turnarounds of the last decade, the rebirth of FEMA in the early '90s, was spurred by public outrage over the agency's pathetic performance following Hurricane Andrew's devastation of southern Florida in 1992. Without public heat on FEMA, Midwesterners hit by the 1993 floods would not have received such praiseworthy assistance.

When the nation's security or welfare is on the line and the entire country is watching, bureaucrats and politicians are loathe to risk public embarrassment and outrage by dragging their feet or behaving in their own narrow self-interests. Incompetence and corruption thrive in the shadows; recognizing that they're operating in the public spotlight typically decreases people's tendency toward chicanery. It also decreases the need for time-consuming, mind-numbing bureaucratic procedures, so many of which are aimed at ensuring that activities such as contract awards and personnel hiring are handled fairly (and so many of which are easily circumvented, as evinced by the countless news stories on the cronyism that guides much of the District of Columbia's awarding of contracts and hiring of school administrators). Nothing motivates a supervisor so much as the knowledge that she will be held accountable for the quality of a job performed by her agency or department.

Focusing the public eye on the everyday workings of government would do much to increase workers' pride in their jobs and their inclination to excel. But until the people who implement policy start receiving even a fraction of the attention we give the politicians who craft it, government will most likely continue to shine only in the worst of circumstances, when called upon to clean up the devastation caused by floods, fires, or airplane crashes. Of course, citizens always run crying to their government in times of crisis. It will take our more constant attention to goad agencies into jettisoning the dead weight, rooting out the inefficiencies, and working to show the public exactly what they can accomplish.

Action at the FDA

The Food and Drug Administration recently displayed what it can accomplish when facing a clear, urgent—and publicized—mission. Not known for its expeditiousness, the FDA stunned everyone last year by speedily processing the flood of responses to a proposed ban on tobacco advertising aimed at minors. As *The Washington Post* detailed in its report on the review process, in just 12 months—a third of the time expected—the FDA reviewed at least 47,000 pages of comments from supporters and opponents of the proposed regulations.

Standard legislative procedure dictates that the FDA receive public and professional input before writing new regulation; many people feared (hoped) that this review process would indefinitely delay any new rules. "FDA-watchers estimated it would take the agency three to seven years to complete the review," Philip Morris spokesman Vic Han told the *Post*.

Sorting through the comments was no small task. The letters—filled with statistics, arguments on smokers' rights, death threats, and tales of personal losses from cancer—came hand-written and word-processed, in a variety of languages. All were scanned into a new computer system to help streamline the process and weed out duplicate responses.

But motivated by the power of their mission and by the knowledge that their progress was being watched by pro- and anti-tobacco interests alike, FDA bureaucrats suffered through a solid year of late nights so that the public's voice would be heard, without derailing the agency's push for new regulations. As FDA Associate Commissioner for Strategic Initiatives Sharon Natanblut told the *Post*, this was "the year of no sleep." —*SE*

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Tidbits & Outrages

"But, Officer, I'm Over 21..."

In New York state, the head of an alcohol and drug abuse committee who sponsored a "zero tolerance" bill to prevent teenagers from driving while intoxicated was recently arrested for driving drunk.

Trust in the '90s

For $350, Fidelity Information Recovery will send a "decoy" to hit on your significant other to test his or her ability to resist sexual temptation.

You Say the Neighbors Won't Turn Down the Stereo?

In the U.S., an estimated 25 private citizens own their own Cobra attack helicopter.

AP/WIDE WORLD PHOTOS

Three Trims—You're Out

Afghanistan's Islamic Taleban recently decreed that any men who are discovered to have trimmed their beards will be sentenced to one day in jail and at least two lashes.

But They Don't Take American Express...

A Catholic church in León, Spain, recently installed an ATM machine to allow worshippers to make church donations using their Visa or bank cards.

TOURIST OFFICE OF SPAIN

Well, it Beats Rush Limbaugh

A Tipton, California radio station recently ended an 18-month run of playing "I Heard it Though the Grapevine" all day, every day.

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Saving Medicare

A cure that will work

BY ERIC B. SCHNURER

"SUSAN" IS HARDLY THE PERSON YOU'D pick out as the face of Medicare. She isn't collecting benefits. She isn't retired. She isn't even elderly. But her financial and personal decisions are being driven by a mounting pile of medical bills: her dad's. Susan's father, "Sam Jones," a retired hard-scrabble rancher in West Texas, eked out enough of a living to put his children through college. But now his body is slowly withering like the harvest in a West Texas drought, the protracted process of death by cancer. Dying is expensive nowadays, and although Sam Jones worked hard all his life, he can hardly afford the high price that most Americans must pay the ferryman—a cost his Medicare insurance only begins to cover. True, if he were absolutely unable to pay his bills, Medicaid would take care of them; but before he could qualify, Sam would have to spend himself into poverty. To help her family avoid this, his daughter Susan, a 27-year-old public-relations specialist in Washington, D.C., is putting her career plans on hold. She's taking a high-paying but unfulfilling job in a distant city she doesn't like, simply for the money. "I can live frugally on about $20,000 a year," she says, "and have a whole lot of money left over to help pay my father's doctor bills. That will really make a difference."

With medical advances allowing most of us to extend significantly our lifespans, a long and (thanks to the same medical advances) costly decay like Sam Jones's is what virtually everyone can now look forward to. And although the rising cost of run-of-the-mill medical expenses is also a major concern, what worries many people most is the prospect of a catastrophic illness wiping out their savings and leaving them or their families financially strapped. The fear is well-founded. Even Medicare, the government program specifically designed to address the elderly's medical needs, is not structured to meet the growing challenge of catastrophic end-stage expenses. More importantly, Medicare itself is now threatened by the spiraling costs of everyday bills being run up by an elderly population that is about to explode. And virtually all plans to rescue it put the burden right back on the Sam and Susan Joneses of the world.

The Medicare Crisis

Instituted in 1965 as Title XVIII of the Social Security Act, Medicare was, until recently, viewed as perhaps the most successful government program in history—as well it should. Not many today remember an America where the old were largely left to live—or, rather, to die—in poverty. Poverty rates were far higher for the elderly than for the population as a whole, perhaps by as much as 50 percent before the New Deal. Social Security helped, but what really began to lift large numbers of older Americans out of this hole was Medicare. Prior to that, half the aged population in this country had no medical insurance, and the coverage that many seniors did have was inadequate.

Medicare has achieved its results through a combination of approaches to the two major sources of medical bills: hospitalization and non-hospital doctor care. The first of these is addressed through Medicare Part A, known more descriptively as Hospital Insurance (HI), whose purpose is to defray some of the cost of hospital stays. Part B, Supplemental Medical Insurance (SMI), covers a portion of everyday expenses like doctors' bills, outpatient services, lab fees, and durable medical equipment.

Unfortunately, the structure of Medicare coverage does little to help the increasing number of people who die after a protracted illness requiring long-

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term hospital stays. After an initial deductible of $736—roughly equal to the cost of one day in the hospital—Part A picks up all hospitalization costs for the next 60 days. Beyond that, the patient is increasingly on his own for the remainder of that particular "spell of illness"; after 150 days, Medicare can stop reimbursing the patient altogether. If he gets better and leaves the hospital, he then becomes eligible for a new round of Medicare payments (after the deductible) for any subsequent "spell of illness." But if instead that original spell of illness requires hospitalization beyond 60 days—in other words, if the illness is catastrophic—well, that just isn't Medicare's problem. Neither are the mounting co-payments and drug expenditures for those who don't just go quietly into that good night.

Meanwhile, Medicare faces catastrophic expenses of its own, for reasons with which many of us are by now familiar. Part of the problem is demographic: The elderly population is increasing dramatically and living significantly longer. In the next three decades, the number of Americans over 70 will double, and those over 85 represent the fastest-growing segment of our society. As people grow older, they need more—and more expensive—care. Those over 65 see a doctor or enter the hospital about twice as often as younger Americans and spend about four times what the non-elderly spend on care.

The situation is made worse by the rising cost of health care itself. The astounding advances in medical science that allow us to alleviate pain, make life more livable, and extend or save lives in ways previously unimaginable are also terribly expensive. Just about everyone wants these new technologies, and when someone else—the government or insurance companies—is footing the bill, just about everyone chooses them.

Together, these developments have taken quite a toll on Medicare's financial health. Part A (HI) is paid for, like Social Security, through a "trust fund" fed by a payroll tax on all current workers. And, like Social Security, the fund operates on a pay-as-you-go system: The money current retirees paid in was used long ago to care for the prior generation of retirees, and seniors today are spending the money coming in from the payroll taxes of current workers. Unfortunately, they are spending it faster than the working populace can replenish the fund. Cash flow in Medicare Part A, which provided $103 billion for 36 million patients last year, turned negative for the first time in 1996, and by 2001 (or sooner), its $134 billion in reserves will be exhausted. At that point, Medicare won't have the money to pay the benefits currently promised.

Part B (Supplemental Medical Insurance), constitutes more of a traditional insurance program. Subscribers pay a monthly premium of about $43.80. In turn, after they've exceeded a low annual deductible of $100, Medicare covers 80 percent of their everyday medical bills. Though a purely voluntary program, Part B is held by 99.9 percent of those who are eligible. Small wonder: Thanks to large government subsidies, it's a good deal. The premium paid by beneficiaries covers only 31.5 percent of program costs—for which seniors have the politicians to thank. Over the years, Congress has found it much easier to promise higher benefit levels than to enact a means to pay for them. Thus, although the Part B deductible has doubled over Medicare's 30-year existence, to keep pace with actual medical inflation it should have octupled. As a result, the percentage of program costs paid by Part B beneficiaries has fallen from its original 50 percent, to as low as 25 percent. The rest is paid by the government out of general revenues. In other words, since there's no trust fund, SMI itself can't go "bankrupt"; instead, the rest of us can go bankrupt because nearly three-quarters of the program's cost comes out of general tax revenues each year. And these costs—like the costs of medical care—keep going up.

The result of all this is that the Medicare program now costs more than $200 billion a year, accounting for more than 10 percent of all federal spending, and ranking behind only defense, Social Security, and interest payments on the debt. And still the cost continues to rise—to the tune of 10 percent each year.

Catastrophic Policies

Clearly, someone must undertake radical surgery to stop Medicare's hemorrhaging—as well as to protect the elderly and their families from being bankrupted by long illnesses. Preferably, this would be done in a way that didn't ask fixed-income elderly of modest means to shoulder more than their fair share. Unfortunately, none of the plans offered during the last Medicare debate in Congress would have done the job.

In 1995, President Clinton proposed a slight reduction in overall Medicare spending, that, nonetheless, would have allowed per-patient expenditures to rise at a rate just below the private sector's 7.1 percent annual growth rate. In addition, the plan would have cut Part B premiums and actually creat-

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ed new benefits. Even the administration admitted that its proposal would have ensured the solvency of Medicare-Part A only through 2011—a safety-valve, but hardly a solution.

The GOP took a tougher stand. As part of their 1995 deficit reduction plan, House Republicans—under the banner of "saving Medicare"—passed legislation to cut the projected increase in Medicare spending from 10 percent a year to 6.4 percent. Though unsuccessful, this move by the House led to a heated partisan debate (which Democrats were all too happy to continue into the election year) over whether the GOP's approach constituted a heartless "cut," as the Democrats insisted, or a responsible "slowdown in the rate of growth," as Republicans claimed. In fact, it could be honestly portrayed as both: The increase in Medicare spending must be slowed, which means reducing either the number of beneficiaries or the level of spending per beneficiary. And since the number of beneficiaries is largely beyond policymakers' control (the eligibility age could be raised but not by enough to make a real difference), the amount spent on each person must be cut. Period. Gingrich and company deserve some kudos for having the guts to tell that to the American public.

HMO Rip-Off

Depending on your point of view, HMOs are either the greatest advance since sliced whole-grain bread or the worst threat to human health since smallpox. But everyone agrees on one basic point: HMOs, with their enforced efficiencies and limited-access approach to specialized care, are a terrific means to cut health care costs.

It takes the U.S. government, through the antiquated Medicare system, to actually lose money when beneficiaries switch over to HMOs.

The basic problem is simple. Medicare is reimbursing HMOs at too high a rate. Essentially, the system works like this: For each Medicare beneficiary they treat, HMOs receive a flat fee, called capitation, based on the average cost of Medicare's fee-for-service patients within the same geographic area. Currently, that fee is set at 95 percent of fee-for-service patients' costs. Using simple arithmetic, that ought to translate into a 5 percent savings every time a Medicare beneficiary signs up with a local HMO—which, multiplied by the 38 million people now covered by Medicare, could mean an annual savings of $10 billion. Unfortunately, the government's 5 percent solution fails to take into account one important fact: Medicare beneficiaries who opt for HMOs tend to be healthier than average. That's because enrolling in a managed care plan usually means switching primary-care doctors, an unattractive prospect for chronically or critically ill patients who have longtime relationships with their physicians. That means the HMO option appeals primarily to the healthy elderly, who are less interested in doctor choice than in avoiding the 20 percent co-payment demanded under Medicare's fee-for-service system. "They're the Centrum Silver crowd," says Mark V. Pauly, professor of healthcare systems at the University of Pennsylvania's Wharton School.

So, instead of saving 5 percent on these HMO enrollees, the government actually spends 5.7 percent more on these healthy oldsters than if they had received exactly the same medical care under the fee-for-service plan. And some economists estimate that the 95 percent reimbursement rate may be 36 percent higher than the HMO's actual cost of providing care to those hale seniors.

The HMOs, recognizing the potential silver mine in the Medicare population, are using some of those bonus dollars to offer healthy elderly patients enticing extra benefits, such as free prescription drugs and discount eyeglasses. That's great for the HMO patients, whose out-of-pocket costs are kept to a minimum. But it's hardly fair to ask the rest of the Medicare population—especially those whose high-risk medical histories make them unattractive to HMOs and or those who live in underserved rural areas—to pay full price for their expensive cardiac drugs while HMO enrollees get them for free. It's also not fair to taxpayers, who are funding benefits for HMO enrollees far beyond Medicare's original intentions. "That probably isn't what taxpayers would say they want to do, to help out healthy old people and not sick old people," Pauly says. "I guess I'm in favor of evening things up."

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But the kudos end there. The $270 billion that Republicans sought to cut from Medicare was double what was actually needed to stabilize the trust fund, feeding suspicions that the real intent of this cut was to help pay for the GOP's $245 billion tax break proposal—which would mainly benefit the affluent. Moreover, the mechanism by which Republicans proposed to reduce spending would have disproportionately hurt the poor and sick, while leaving the wealthy and healthy largely unscathed.

To begin with, the Republican plan would have doubled the Part B premium. By the year 2000, this would have cost the average older person about $500 out-of-pocket annually to maintain the level of coverage they currently receive. If you're living on $100,000-a-year, that's $500 you'd rather not spend, but you can afford it; if you're living on $10,000, you are looking at a 5 percent cut in real income.

The Republicans also proposed giving the elderly a choice between traditional "fee-for-service" Medicare and a managed-care version of Medicare. But recent studies suggest that seniors fare better under fee-for-service care. In February 1994, a government-funded study by the Center for Health Policy Research in Denver found that seniors who depended on Medicare to pay their doctor bills received superior home care to those using an HMO. In addition, the seniors least likely to find managed care enticing—or courting them—are those with the biggest medical needs. Thus, the poorest and neediest would remain in the fee-for-service system while the private sector "cherry-picked" healthier, wealthier seniors who already consume fewer medical services. Such an arrangement, by itself, would actually increase government outlays for Medicare (see sidebar, page 14).

But the most radical change Republicans want to offer seniors is the option of investing their Medicare benefits in a Medical Savings Account (MSA). The GOP passion for the MSA may have something to do with the fact that it is an insurance product pioneered by the Golden Rule Insurance Co., a major contributor to Newt Gingrich and his congressional protégés. All the same, the plan has its merits. Every year seniors would receive a cash benefit with which to pay their medical expenses. At year's end, any amount they hadn't used would be theirs to keep, providing the perfect incentive for recipients to cut back on needless health-care spending. Combine this with a plan to cover all medical expenses above a very high deductible—$3,000 per year is the amount usually bandied about—and voila! you have a recipe to encourage health-care consumer consciousness, while ostensibly providing protection against bankruptcy.

MSA proponents estimate that by making patients pay their own bills for a change, the share of GNP going to health care would drop by anywhere from 25 to 50 percent—thereby lowering medical costs and making health care more affordable for everyone. It's hard to argue with: Medical inflation due to over-consumption of expensive care has become a national problem. That, as much as unavailability of care, was the focus of the Clinton health plan—just as it is with these conservative counterparts.

Republicans claim that under the MSA plan seniors would get a sweet deal. Medicare beneficiaries would be given a voucher equal to 95 percent of the value of their current Medicare Part A, which, together with the premium they currently pay for Part B, would have come to $4,848 last year. And because they would no longer need to spend the average $1,178 on "Medigap" premiums—extra insurance that most seniors carry to handle costs not covered by Medicare—most would start out with $6,026 in extra cash. Out of this, they would pay a premium of about $2,740 to receive their new catastrophic coverage with the $3,000 deductible. This would leave them with $3,286 in their MSA. So even if poor health necessitated their spending the full amount up to the deductible, they would still end the year with an additional $286 in the bank. Not bad.

The trouble is, for the 30 percent of seniors too poor to purchase additional insurance (and who therefore don't currently set aside $1,178 of their own money each year for "Medigap"), the MSA plan would represent only $4,848 in extra cash. Once they'd paid the $2,740 premium for catastrophic coverage, they would have only $2,108 left in their MSA—meaning that, if they fell seriously ill, they would have to pay an additional $1,000 out of their own pocket before satisfying the $3,000 deductible.

So, besides returning us to the pre-Medicare world in which medical inflation and waste—and government involvement and taxes—were lower, the MSA plan would also return us to the pre-Medicare world in which those seniors with enough money got all the medical care they wanted and those with too little money got too little care. Not all health care spending is frivolous, and those people who have necessary and costly medical expenses wouldn't get to save much out of their MSA allotment. Healthier old people—who also tend to be wealthier old people—would be able to use MSAs to build up

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their portfolios while less healthy (i.e., less wealthy) elderly would not. Poor seniors would face difficult choices if necessary care cost more than their cash benefit, but less than the deductible. In essence, the risks of higher costs would be borne more onerously by those more likely to fall ill and those for whom high costs loom proportionately larger. Think of it as means testing in reverse.

Even conservatives concede—albeit grudgingly—that the MSA plan needs to be made more equitable. Cato Institute economists Doug Bandow and Michael Tanner have suggested that "if necessary,

The Truth About Fraud

President Clinton has a simple answer when you ask him how to balance the budget. He looks stern, and in the tone of a small-town newspaper editor, declares that: "Something"—dramatic pause here to pound the podium—"*must be done* about government fraud and abuse."

Increasingly, in the current penny-wise frenzy to balance the budget, politicians are proclaiming that a crackdown on fraud and waste in government programs is the answer to their budget-cutting nightmares. Recently Clinton added to the chorus, hailing fraud reduction as the salvation for the endangered Medicare and Medicaid programs. In late March, the President urged Congress to pass the "Medicare and Medicaid Fraud and Abuse Prevention Act," which would allow administrators to bar unscrupulous health care providers from the programs.

On the surface, the plan sounds like a winner. After all, no one stands up for fraud—at least in public. Problem is, this simple solution collides head-on with reality. Medicaid regulators are already required to bar fraudulent providers, and a General Accounting Office review of Medicaid fraud and abuse shows they're having enough difficulty dealing with the current case loads. Tough talk is cheap in the era of limited government, and in a mirror-image of the accepted rhetoric, the Medicaid program is currently wasting your tax dollars because of a lack of bureaucracy. Politicians need to acknowledge that the only realistic way to approach the problem of Medicaid fraud is to pay up or shut up.

Speaking before a House subcommittee last September, GAO Associate Director Leslie Aronovitz made the not-so-shocking announcement that Medicaid has a serious problem: Health-care providers who should be out of the program stay in, costing the government millions—maybe even billions—every year. (The full GAO report was due out in late April.)

Fiscal horror stories include: A pharmacy expelled for overbilling Medicaid $117,000 remained on the rolls for 15 months without any explanation. The file was lost on a dentist accused of using general anesthesia on patients who did not need it, and, before anyone could locate the file, the dentist racked up another $12,000 in bills at taxpayer expense. "[This failure to quickly oust fraudulent providers from the system] puts at risk the health and safety of beneficiaries and compromises the financial integrity of Medicaid, Medicare, and other federal health programs," Aronowitz told the committee.

The reasons Aronovitz gave for such program problems sound suspiciously like typical bureaucratic excuses: inconsistent policies, missing case files, long processing delays. The solutions Aronovitz recommended: Provide more consistent guidance to field offices, prepare more documentation, and explore ways to work quicker. Translated: There are gaps. Fix them.

But in order to do the double- and triple-checking that the GAO recommends, there need to be people to fill those gaps.

Patrick Jennings is the lead prosecutor for the Illinois Medicaid Fraud Control Unit, which investigates and prosecutes fraud. Jennings refers his catches to the federal government for exclusion, but isn't surprised that they are often not handled in, as the GAO delicately put it, a "timely manner."

"One of the problems in dealing with HHS, because of the personnel shortage, is the delay in follow-up," Jennings explains. "This HHS region covers five or six states. I'm not criticizing the people for the work they do, but the manpower isn't there."

Robb Miller, inspector general for the state's Department of Public Aid, faces Medicaid fraud at the front line. He runs the Illinois Office of the Inspector General (OIG), the agency charged with getting Medicaid freeloaders off the gravy train. Much of Aronovitz's testimony sounds like criticism of his work and that of other state OIGs.

CHRIS FARNSWORTH *is the associate editor of* Boise Weekly.

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vouchers could be provided to low income elderly, sufficient to enable them to cover part or all of the added deductible." Well, many Americans believe that it is "necessary" to make access to medical care available to all on some basis other than their wealth. But we need not jury-rig a means-tested voucher onto an independently crafted catastrophic coverage system. In fact, distributing separate vouchers for the needy is so obvious a welfare device that it would be unlikely to survive more than a few years if it were ever enacted to begin with. A better idea: borrow the "catastrophic coverage" concept from the

Miller doesn't dispute the holes in the current system; in fact, he provided much of the information Aronovitz cited in her testimony about Illinois. But the GAO's suggestions to improve OIG's effectiveness seem to understate the scope of the problem Miller deals with daily. "In Medicaid fraud, you don't have a single victim," says Miller. "The problem you know about is never all of the problem, and it can change at a moment's notice." Right now, he says, all his department can do is plug the leaks as they become visible.

Generally speaking, there are two types of Medicaid fraud: fee-for-service and managed-care. In fee-for-service fraud, Miller explains, the idea is to bill Medicaid for as many procedures as possible. "An office visit might be $15, but the provider bills us for a full physical, which might be $40," he says.

In managed-care fraud, the aim is to do the opposite. Providers are paid a flat, "capitation" fee per patient, regardless of how high or low the patient's medical bills run. To maximize profit, a fraudulent provider tries to devise as many ways as possible to keep patients out of their facilities. This type of fraud is tough to verify. "It can be things like a doctor not having enough office staff or phone lines, so the client can't get through to make an appointment," Miller says. "Then, when we ask the provider about it, he can say, 'Hey, I never got the call.'"

Some managed-care providers also use hard-sell techniques, like recruiting non-English-speaking immigrants, who don't fully understand what they're signing up for, and so never make proper use of the system. "We're even investigating several cases where [managed-care providers] apparently forged the client's signature," Miller says. "The clients didn't even know they were supposed to be in the program."

Sometimes, the so-called providers don't even exist—except on paper. Miller refers to the case of an Illinois facility that steadily billed Medicaid about $2,000 a month through the program's electronic filing system. These small amounts didn't attract attention, so there were never any site visits or audits from program administrators. Suddenly, the company "spiked"—its billings went to $1.3 million in four months. State investigators went to the offices and found that the fraudulent filers had been running a shadow corporation: the office doors were locked and the facility was empty. The Medicaid claims staff caught $1 million before it went out the door, but the owners of the facility still got away with over $300,000.

Those losses add up for taxpayers, but exactly how much is anyone's guess. "Nobody knows," Miller says. "The standard figure given is about 10 percent of the total budget, but nobody knows for sure." Even so, if that rough estimate is accurate, Medicaid fraud cost us about $15.9 billion in fiscal year 1995 alone.

It's easy to see how politicians can look at that number as a potential cash cow. What isn't easy is rounding up the offenders and collecting the bill.

Illinois's fraud control unit brought in $1 million in civil recoveries last year, plus $230,000 from a criminal judgement. Prosecutor Jennings would like to do more, but the resources aren't there. "If we had more people, we could bring more prosecutions and more [providers] would be banned," he says. "With the existing resources, we're doing what we can: We notify the feds and they go on their way. But it takes time."

That's the real dilemma of Medicaid fraud and abuse. If politicians want to recover more of that $15.9 billion, they're going to have to pony up a down payment on more auditors, more investigators and prosecutors, and more research and planning for fraud prevention. Miller can defend auditors on a cost-benefit basis. "For every $1 we spend on an auditor, we get $6 back," he says. But prosecutors and investigators are not always cost-effective, he concedes, and although research on better ways to operate saves money in the long run, Miller can't quantify it yet.

Regardless of their probable benefits, all three types of enforcement cost money, and Miller isn't holding his breath. Even with the increased funding available in the Kennedy-Kassebaum bill, he knows money is tight in the current political climate. "You can't increase regulations without proportionately increasing staff to deal with them," he says. "Then you get people talking about rising taxes and bureaucrats. I'm sure our investigators and auditors don't think of themselves as bureaucrats. I think they're just doing their jobs, slogging against the tide."

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MSA plan, and from that build a program that is universal, but makes allowances for beneficiaries' particular financial situations.

The Solution

The key to establishing fair, catastrophic Medicare coverage is to recognize that a "catastrophic illness" is defined in terms of an economic calamity, not a medical one. Certainly it is a tragedy when a serious, or even fatal, illness strikes you or a family member, but that is not what health care economists and policymakers mean when they call an illness "catastrophic." And, of course, what constitutes an economic disaster for a Brooklyn cab driver might run about the same as a night at the Met for a Manhattan lawyer. The best way to address this economic reality is to develop a plan that makes the dollar level at which a household qualifies for "catastrophic" coverage a function of income, thus creating a benefit that is both universal and targeted.

So how exactly would a "means-tested" catastrophic Medicare plan work? In its simplest form, a family's deductible (the initial amount it must pay out-of-pocket before Medicare takes over the bills) could be set as a flat percentage of household income, say, 10 percent. If our Upper East Side lawyer with his $200,000 a year income were over 65, once he spent $20,000 on health care, his catastrophic coverage would kick in and Medicare would handle the rest. Such a system would address the need for "market discipline" in controlling medical costs (most consumers would pause before sinking a tenth of their income into unneeded tests and treatment) as well as the desire of most Americans for protection against overwhelming expenses. And since everyone, not just the poor, would be covered when their medical bills became "catastrophic," the plan is less likely than a voucher system to be labeled—horror of horrors—a "welfare program."

AP/WIDE WORLD PHOTOS

Under the Republican plan, the risks of higher medical costs would be borne most onerously by those more likely to fall ill and those for whom high costs loom larger.

In real economic terms, however, 10 percent hits recipients differently depending on whether they make $15,000, $50,000 or $500,000, since the percentage of income normally devoted to medical expenses, or needed for other necessities, declines as income rises. The system could therefore be refined by decreasing the percentage cap amount as income declines. So, instead of spending up to 10 percent of his income, our cab driver making $20,000 a year would only have to spend, say, 5 percent of his annual earnings before his catastrophic coverage was activated. This percentage could, in fact, decline to near-zero—retaining some minimal deductible to deter utterly frivolous use of medical resources—at some income near the poverty line.

An alternative would be to vary not the percentage of income where catastrophic coverage kicks in, but the co-payment rate on all medical expenses below this cap—the percentage of the bill borne by the patient instead of the insurer—so that the out-of-pocket cost for care below the catastrophic threshold would pose a reasonable deterrent to frivolous consumption but would nonetheless be manageable on the patient's budget.

In either case, this extra subsidy component is more obviously a "welfare" program—but less obviously so than current social welfare programs, which are not integrated in any fashion with efforts to benefit the middle-class or the well-to-do. Under the new system, every older American would receive protection against catastrophic medical expenses and be given responsibility for intelligent management of medical resources below that catastrophic level. But what "cat-

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astrophic" means would be recognized to vary from family to family as, in fact, it does in the real world.

Lien on Me

One further refinement: Some analysts object to catastrophic coverage because once a patient has met the high deductible and is completely covered by Medicare, he has no incentive to control spending. After all, why not order up that sixteenth CAT scan if dear ol' Uncle Sam is signing the checks?

To re-inject fiscal discipline, a means-tested lien could be placed on a person's estate for recovery of expenditures that exceeded his total contribution to Medicare. (As veteran health care specialist Barbara Boyle Torrey put it, such a system would truly be "pay as you go.") The clear advantage of this arrangement is that it would allow Medicare to tap beneficiaries' assets—the better measure of ability to pay, especially among the elderly, who tend to be relatively income-poor but asset-rich. And as with the catastrophic deductible, the lien would be means-tested so that it bore a reasonable relationship to the size of any estate left behind. Furthermore, collection could be postponed until after the death of both the patient and the surviving spouse so as to avoid the specter of yanking away a sick old woman's house upon her husband's passing. Nonetheless, if people knew that part of the cost of their health care was to be deducted from their estates, they would choose their treatments more judiciously. And, as one former OMB analyst notes, "If they didn't, at least some of the costs of inefficient use would be recovered."

What would all of this mean for people like Sam Jones and his daughter Susan? Most prominently, it would mean that Susan and the rest of her family could stop worrying about how to pay for Sam's illness. When expenses reached a catastrophically unaffordable level, as they did long ago for Sam, they would be assumed by Medicare. The bills would not continue to mount threateningly. Then if Sam were to die with substantial assets, a portion of those—keyed to the size of his estate and the level of Medicare benefits he received in excess of the amount he paid into the system over the years—would be reclaimed. But not until after his wife's death. In any event, the Jones's ability to provide for Sam's care and still maintain their own lives would be secured.

Where would the money for this security come from? Some from the post-mortem recoupment of assets. Most from asking Medicare beneficiaries to assume a larger out-of-pocket burden (compared to what they currently pay) during those years in which their medical expenses were significant, but not catastrophic. Most years, of course, Jones—and any other senior—would not incur higher medical costs, because the majority of beneficiaries use few resources in any given year. Some years, however, even moderate income elderly—not to mention the wealthy—might have to pay more than under the current program. This greater potential exposure is the price of not only salvaging the program, but changing it to provide coverage against even greater outlays—the coverage most families most want—and making the level of that exposure more equitable for most Americans.

In 1988, Congress actually tried to add a catastrophic care component to Medicare, but had to repeal it within a year in the face of an uprising of the affluent elderly. At that time, however, the change was being sold as an "improvement" to a system that was thought to be in good working order. As soon as some influential seniors—including retired employees of the federal government, for whom Uncle Sam pays most "Medigap" costs—figured out that the system then under consideration would increase their premiums, they launched a revolt.

Today, however, we aren't talking about improving Medicare, but about saving it. The impending bankruptcy of the trust fund looms large, and—for all of its partisan posturing—last year's campaign squabbling over Medicare spotlighted the issue even further. So although attempts to overhaul the system might necessitate certain concessions (such as grandfathering in federal retirees), much of the voting public recognizes that, unless something changes, the program soon won't be around for any of us to rely on.

An income-sensitive catastrophic program would provide a measure of hope, not so much for the growing elderly population, but for the younger Americans who are increasingly asked to assume the burden of our current system. The health care that younger people like Susan Jones received might be substantially cheaper—as suggested by the estimates upon which conservative catastrophic plans are based—because greater consumer discipline would be injected into day-to-day health-care spending decisions. And if such a scheme were extended to cover all Americans, there just might be simple, affordable, and relatively non-bureaucratic national health insurance that would lower costs for all, and make care accessible for those currently without coverage. So, one day, when Susan had children, they could grow up with the same promise of medical attention that we currently reserve only for the rich and the aged.

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Memo of the Month

FM: SECSTATE WASHDC
TO: AMEMBASSY TIRANA PRIORITY

FOR GSO

SUBJECT: SAFEGUARDING OF STERLING FLATWARE

REF: CURRENT SITUATION

1. Post is advised of A/FBO's policy for the safeguarding of sterling silver flatware on the occasion of an evacuation.

2. "Posts in departure status should consider safeguarding sterling silver flatware at the official residence in question or in the chancery, whichever post considers safer. In the event of an Embassy closing, post should consider shipping flatware out with the household effects of the ambassador and/or DCM upon their departure from posts, for delivery to A/FBO upon their arrival in Washington, D.C."

3. IPF encourages post to take whatever means necessary to safeguard the sterling.

4. Thank you for your cooperation with A/FBO policy.

ALBRIGHT

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Stop the Madness!

Outlaw those phony campaign commercials

By Curtis Gans

Some 15 years ago, former Maryland Sen. Charles Mathias first asked the question, "Why does spending on political campaigns keep going up and up, while voter turnout keeps going down and down?"

In the 36-year period between the 1960 and 1996, voter turnout has declined by more than 25 percent nationally—the longest and largest such slide in the nation's history. In 1996—despite an unprecedented level of campaign spending, a net 5 million increase in the number of citizens who were registered, and an previously unequaled level of voter mobilization activities—more than half the eligible population did not vote, the lowest voter turnout since 1924. More than 90 million eligible Americans now eschew the ballot box. First time voters—those aged 18-19—who voted at a 42 percent rate in the 1972 election, voted at a 12 percent rate in 1994. If one counts both the nation's presidential and mid-term elections, the United States now has a lower rate of voter participation than every advanced and most fledgling democracies in the world.

Since 1960, the cost of all American political campaigns has increased from $175 million to an estimated $4 *billion* in 1996. The cost of presidential campaigns alone went from $30 million in 1960 to $700 million in 1996. In constant (inflation adjusted) dollars, the cost of campaigning increased 4.4 times during this period.

In the somewhat narrower period of 1976-1994, the average cost of a competitive Senatorial campaign rose from $1,069,523 to $9,639,378. The amount spent on televised political advertising went from $474,910 to $5,681,151. Overall campaign spending (adjusted for inflation) increased by 249 percent. The amount spent on televised advertising grew by 364 percent.

It has become incandescently clear that the primary answer to Senator Mathias's question lies in one phenomenon—the increased use of televised political advertising. It is the principal cause of rising campaign costs, and, as will be shown, the drumbeat of attack ads that run every day for two to four months on every major broadcast outlet in America during an election season is a principal cause of the ever lower voter turnout.

It is equally clear that American politics will not be restored to a state resembling health—that the cost of campaigns will not go down and the voter participation rates will not go up—until the United States ceases to be the only democracy in the world which does not, by time and/or format, regulate televised political advertising.

A Compelling Need

The case for regulation rests on three basic premises—the extraordinary damage such advertising is doing to the American political system; the fact that no remedy short of regulation can be effective in addressing this problem; and that there are ways to provide such regulation within the framework of the First Amendment to the Constitution, thereby enhancing both free speech and the political process as a whole.

How does televised political advertising damage the political system?

1. These ads undermine speech and debate: Healthy, vigorous, and even, occasionally, acrimonious debate is central to the vitality of the American political system and the resolution of the issues confronting the nation. But what the citizen is compelled to witness on television every election year is the antithesis of debate. It is music, anonymous voice-overs, actors playing parts, demagogic scene setting, talking ani-

Curtis Gans *is director of the non-partisan Committee for the Study of the American Electorate, first surfaced this set of issues in this magazine in 1978, and is impatient that something be done.*

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mals, candidates faces being morphed into the villain of the moment (Clinton, Gingrich, Richard Allen Davis, etc.), issues without context being scrolled across the screen. These ads are designed precisely to avoid debate, to appeal to the emotions, to present the public with the unanswerable, and to force a choice based on reaction rather than reason.

2. These ads erode accountability: Because they seek to avoid debate, these ads are unanswerable except in kind. The classic example is the ad which Sen. Mitch McConnell used to defeat former Sen. Walter D. Huddleston. That ad showed a group of bloodhounds straining at the leash looking for Huddleston, first on Capitol Hill, then going through the woods, and finally finding him on the beach in Acapulco. The image was one of an absentee, junketeering senator—who happened to have a 91 percent attendance record. But rational assertions of that record in both speech and ads could not compete with the emotive effect of the bloodhounds, and Huddleston lost. That message was not lost on political consultants, who learned from it to respond to emotive attack with emotive attack, leading to the escalating arms race of attack ads that now disgraces the American political process every two years.

3. These ads drive citizens from the polls: A few years ago, political consultant Robert Shrum said directly what everyone knows—that a primary purpose of televised ads is to depress turnout among certain potential voters, the undecideds and weak partisans of the opposition. When they are responded to in kind, they drive down the turnout of everyone. When the public is confronted with thousands of direct messages that say, "Don't vote for x; don't vote for y; don't vote for z; etc.," eventually they don't vote. Thus, it is not surprising that in their experimental study, Going Negative, scholars Shanto Iyengar and Stephen Ansolabehere found that exposure to these ads can depress turnout as much as 5 percent in any given election; that turnout dropped by 11 percent in 1996; or that turnout has been declining steadily as these ads have increasingly become the staple of the modern campaign.

4. These ads offer the citizen no line of defense: They come in 15- and 30-second bites in the midst of programs, eliminating the possibility of clicking them off. With three exceptions—when a candidate like Colorado Gov. Roy Romer makes a point to eschew such ads early in a campaign, when there is an overriding issue (such as a David Duke or Oliver North campaign), or when a campaign ad so egregiously oversteps the bounds of propriety as to cast it beyond the pale—the citizen feels he has no real choice. Each candidate is portrayed as either bad or awful, the political system that is portrayed is one of fools or knaves and the citizen has only two choices, to vote while holding one's nose, or to sit it out. Increasingly, people are opting to vote with their bottoms.

5. These ads undermine civility: The 1996, candidates were praised for their civility in debate, although it was ever thus. A group of congresspersons were lauded for organizing a weekend retreat in which they and their colleagues explored how they might more civilly communicate with one another. But three hours every four years of civil debate and a marginal increase in comity on the floors of Congress viewed by the minuscule percentage of Americans who watch C-SPAN, cannot begin to compensate for the hours of savagery on the tube.

6. These ads serve to limit access to the political marketplace: Because of the ad-driven escalating costs of campaigns (and, to be fair, the extraordinarily low contribution limits for donors), access to candidacy is limited to a diminishing few who can afford the tab. And that, increasingly, is only those who are millionaires and those with large rolodexes of $250-$1,000 contributors. It is not an accident that the number of millionaires in Congress has more than doubled in recent years.

7. These ads are destroying whatever is left of the grassroots of American politics: Nearly 60 percent of the average competitive senatorial campaign's budget is spent on televised advertising. The balance goes to fund-raising (30 percent) and staff and candidate travel (10 percent), leaving no money for activities that involve citizens. Until 1992, some of that gap had been filled by "independent expenditures" (activities conducted independent of campaigns by issue groupings) and "soft money" (unlimited individual and collective contributions to state and local parties), defended on the basis that they aid party development and grassroots activities. But in the last three elections, the overwhelming majority of these moneys have been poured into so-called "generic" and "issue" ads, which differ in virulence from those put on by candidates only by virtue of not advocating a vote for a particular person. There is, in today's politics, only advertising and fundraising—no buttons, bumper-stickers, billboards, phone banks, storefronts, canvasses, precinct organizations, or coffee klatches other than for the purposes of fund-raising. The citizen is both manipulated and left out of the process.

8. These ads undermine the political parties:

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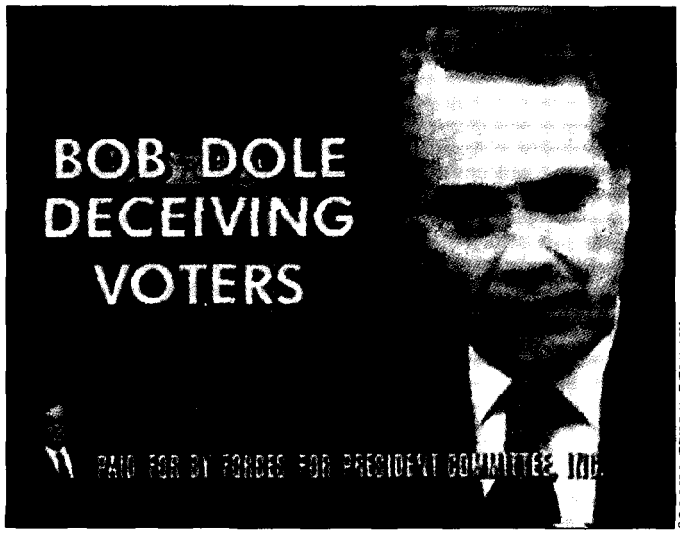
Throughout American history, political parties have been the source of political cohesion, by separating the wheat from the chaff of interest group advocacy, developing leadership, disciplining that leadership for legislative program, and mobilizing the citizenry. These ads attack that conception of party in a number of ways: Because they are increasingly the sole way of campaigning, meaning that all a potential candidate needs is money and a media advisor, the party increasingly has no role in either candidate development or in office-holder discipline for program. Because the conduct of the campaign has been turned over to the political consultant, the parties have become little more than service centers for fund-raising and consultant activities. And because the only concern of the consultant is winning, the nation is subjected to a politics of "wedge issues," in which neither party is presenting either a durable or, often, a relevant program.

9. These ads severely constrict public policy consideration: No one who has given the problem of the burgeoning national debt and its impact in constricting both private and governmental initiative serious consideration can fail to recognize that soaring Medicare costs and the potential bankruptcy of that program is a central concern in bringing the budget back into a semblance of balance. Yet, after President Clinton vigorously—and successfully—demagogued that issue in 1995-96 with a barrage of television ads aimed at creating fear among the elderly, no one is willing now to take the first step in providing remedy. Nor is anyone willing to address any of the other potential concerns both with respect to budgetary balance or to the equally great problems facing the nation. Instead we witness leadership offering sterile and self-defeating debates on such things as partial birth abortions, balanced budget amendments, and campaign finance. Because of these ads, we debate the peripheral and hope for bi-partisan commissions to address some of the central issues and insulate leadership from the potential risks of the exercise of that leadership.



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10. These ads inhibit commitment to public service: No one who is not uncommonly rich, extraordinarily ambitious, or certifiably insane would wish to get into a politics in which a person had to spend all of his time raising money for the privilege of being systematically vilified on television for the better part of a year. It is no accident that in the two most recent UCLA surveys of incoming college freshmen—at a time when more of those freshmen are professing interest in teaching, law, and volunteerism than at any recent time—the level of interest (30 percent) and desire to participate (16 percent) in politics is at its lowest level in the history of that poll.

The Sole Solution

There is, neither in politics nor for society, any satisfactory address of these ads short of regulation. In politics, a campaign manager can defend against and compete with all other forms of campaign activity. Direct mail can be addressed and its effect mitigated by flooding mailboxes. Radio ads can be answered readily and cheaply. Newspaper ads can be answered in competing words. Only television ads offer no easy defense, except the monetarily and socially costly one of responding in kind and volume.

Nor have a series of voluntary approaches succeeded in mitigating the problem for society. Voluntary codes of conduct have been given lip service by campaigns and dishonored in practice. Debates on levels below the presidency are not covered by any medium except lightly watched public broadcasting. Kathleen Hall Jamieson of the Annenberg Public Policy Center deserves great credit for introducing the concept of the journalistic ad watch, which allows citizens who read or watch them to deconstruct a particular ad for its messages and distortions. But a watch on one ad does not begin to catch up with the hundreds of ads that are on television in a single day. An attempt in Florida to require candidates to accept

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responsibility for their campaign ads by appearing at the end of them declaring their authorization of such ads, has neither reduced the volume nor virulence of the ad campaigns in those states.

Recently Paul Taylor, formerly a distinguished reporter for *The Washington Post*, has sought to improve campaign discourse by persuading or coercing the broadcasters to provide from one to two hours of free time each campaign season for candidates and party spokespersons to directly address the electorate. But while this might provide some modest leavening to campaign communications, one or two hours a campaign season cannot begin to compete in power and impact with the one to two hours a day of produced ads that glut the airwaves each election year.

Ultimately, leadership will recognize that there is no antidote for the damage these ads do short of regulation. Mercifully, when they do, they will find widespread public support. In a poll taken by Princeton Survey Research for my committee, between 67 and 82 percent (depending on the wording of the question) of the electorate supports regulating these ads.

The constitutional case for such regulation rests on five premises:

- That television ads, while a form of expression, are not speech and, in the various ways already described, undermine speech.
- That there is no effective remedy short of regulation.
- That television is and has been deemed by the Supreme Court to be different from other media in limitation of access and pervasiveness of reach. It is also different in terms of impact and strength of impact. To make an analogy, television advertising is to other campaign techniques as nuclear warfare is to conventional weapons.
- The purpose of the First Amendment is not, strictly speaking, to allow anyone to express themselves in whatever way they want, wherever and whenever they want. It exists to provide citizens with a broad and relatively unrestricted forum for debate and discussion.

The Court has ruled that one cannot falsely shout "Fire!" in a crowded theater, that child pornography can be banned, that there are forms of speech that are actionable under the laws of libel and inciting to riot. Televised political advertising—in its deleterious impact on society—comes closer to child pornography than it does to the healthy exercise of free speech.

- In the damage that such advertising does to the political system, there is a compelling state interest in such regulation.

Within this constitutional framework, and mindful of the need to have regulation that is content neutral and offers no partisan advantage, there are essentially three ways to effectively address the advertising question.

One could do precisely what France does—abolish all paid political advertising during an election year, allocate a block of free time to the parties and candidates, and require that a party spokesperson or candidate speak to the camera for the duration of the donated time.

One could, as former political consultant Charles Guggenheim once suggested but has since backed off from, require that broadcasters sell advertising time in election years in blocks of no less than two minutes—ridding us of spot advertising, allowing viewers to shut off ads, and presumably providing more content in the ads that are aired.

Or one could require that for spot advertising—ads that last two minutes or less—the purchaser of the ad or an identified spokesperson speak to the camera for the duration of the ad. This would allow anybody to buy whatever time he wanted and to say whatever he wanted, provided that an identified person did the saying. By doing so, even within the existing framework of spot advertising, this would return the campaign dialogue to speech and accountability and, in a panoply of talking heads, reduce the impulse to use televised advertising as the sole method of

Soft-Money Solution

This year's biggest election scandal—the cascade of so-called soft money that flowed from corporations to both major parties—is the easiest problem to solve. Corporate donations to candidates have long been prohibited, and no one suggests that [the Supreme Court ruling in *Buckley v. Valeo*] undermines that law. Surely Congress, if it wanted to do so, has the power to ban all soft-money contributions, whether made from corporations or labor unions, and to curtail those from wealthy individuals sharply.

Among the politicians, President Clinton is in the best position to exert real leadership in campaign finance reform, especially since he never will run for office again. But if he really wants to, he must make it a priority before "politics 1998" takes over and the unique opportunity for reform dissolves.

Alan B. Morrison
attorney, Public Citizen
reprinted from The Washington Post

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campaigning.

Any of these approaches are devoutly to be wished, but the latter offers some small advantages:

It has been codified into legislation and sponsored over the years by the likes of present and former Sens. Warren Rudman, Daniel Inouye, John Danforth, Ernest Hollings, Bennett Johnston, Terry Sanford, James Jeffords, Wendell Ford, among others; present and former Reps. Thomas Foley, Barber Conable, Richard Gephart, Matt McHugh, among others; and enjoys the external support of a range of people spanning the spectrum from former FCC chairperson Newton Minow to conservative talk show host Bay Buchanan.

As a regulation on the purveyor of the ad rather than on the carrier, this solution can apply to not only candidate and party ads, but also to independent expenditure ads and may be enacted not only at the federal level but also in the states.

For nearly two decades reformers have sought to improve the political system by focusing on the supply of money—by seeking to put various limits on the type of money which could be spent and given. These efforts have always crashed on the shoals of partisan politics and substantive inadequacies. And even were they enacted, they would not deal with campaign conduct and the damage it is doing to the American political system.

As former *New York Times* executive editor Max Frankel wrote recently, "It's the demand, stupid." Perhaps after two decades of failure in dealing with reform on the supply side, it might be both novel and productive to attempt to deal with our process on the demand side—in the advertising that is driving up the costs of campaigns, but which is also undermining both the content and conduct of our politics and the engagement of our citizenry.

Thirty years ago—and for time immemorial before that—politicians used to distribute modest sums of money to men with rough hands and seersucker suits (called precinct leaders) who would pass even smaller sums of what they were given to individual citizens to get them to vote. That was called corruption.

Now, politicians give millions of dollars to men with smooth hands and Armani suits (called consultants) to put on attack ads which drive citizens from the polls. And that is called smart politics.

But today's smart politics is corrupting our system in a much more profound way than "walking around money" did a generation ago. It's time to clean it up.

The Washington Monthly *Journalism Award*

MARCH 1997

ERIK LARSON

Why Colleges Cost Too Much

Time magazine/CNN Impact

These days, the skyrocketing cost of higher education is on every parent's mind.

"Too often parents learn about tuition through scare stories about how we must begin saving impossible quantities of money before our children are even born," explains Larson, "but never do we get a detailed explanation of what drove tuition up in the first place." In this thoroughly researched cover feature, Larson offers a straightforward, honest explanation of why college tuition went through the roof in the '80s.

"It has been called the 'Chivas Regal effect,'" he says of last decade's assumption that higher education costs equal higher quality. And he notes that, as the Ivy League schools began to raise their prices, others made a point of "keeping up with the Joneses." In addition, economic situations, like the increasing ease of acquiring loans, allowed families to feel as though colleges and universities remained accessible despite rising costs. But what is most likely to outrage readers is Larson's account of how both private and public institutions have conspired to keep costs high.

THE MONTHLY JOURNALISM AWARD is presented each month to one or more newspaper, magazine, radio, or television stories (or series of stories) that demonstrate a commitment to the public interest. We are particularly interested in reporting that explains the successes and failures of government agencies at all levels and of other institutions such as the media, corporations, unions, and foundations that contribute to the existence or solution of public problems. Please send nominations (including two copies of the article or broadcast text) to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, DC 20009. Nominations for stories run in April are due May 2.

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Stop Dissing The Washington Times!

It's not just "that Moonie paper" anymore

BY NURITH C. AIZENMAN

IN 1982, WHEN THE REVEREND SUN Myung Moon launched *The Washington Times* as a conservative alternative to *The Washington Post*, he spared no expense to establish his fledgling paper as a serious contender. Pulitzer Prize winners and ace reporters from the recently defunct *Washington Star* were lured to the *Times* with can't-refuse salary offers. Over $20 million was spent to convert an old warehouse on the edge of town into a state-of-the-art printing facility and gleaming headquarters. The result was a monument to Moon's eccentricity as much as to his wealth. The *Times* lobby is sculpted out of marble and trimmed in bronze; its newsroom boasts 18-foot cathedral ceilings and a wall of windows overlooking the forested hills of the National Arboretum. Eight crystal chandeliers illuminate the "Arbor Ballroom" and a private dining room down the hall is furnished in dark shades of burgundy and mauve. "We used to joke that if [the *Times*] ever went under, the building would make one hell of a whorehouse," recalls former Assistant Managing Editor Tom Diaz.

But all of Moon's millions could not buy the one thing he and his staff wanted most: respect. Moon was—and still is—widely regarded as a tax-evading cult leader, his Unification Church a brain-washing arm of the Korean CIA. Many suspected that Moon would try to use the *Times* as a propaganda tool in his quest to establish a world-wide theocracy. That nearly a third of the original staff were followers of Moon only heightened this impression. From the start, Washington's elite made its contempt for Moon's enterprise abundantly clear. "At a party at socialite True Davis' home," the *Post* recounted, "a *Times* reporter who is a Church member was asked to leave." At another party, Larry King boasted to the *Post*, King was approached by "an attractive young lady" who turned out to be a *Times* reporter seeking an interview. "Are you a Moonie?" King said he asked her. "Yes," she replied. "I don't talk to Moonies," retorted His Majesty.

The *Times* was left out of more than social events. Chris Matthews, an aide to then-Speaker of the House Thomas "Tip" O'Neill, announced that *Times* reporters would be ignored by the Speaker's office. Said Matthews, "We work hard enough responding to legitimate press inquires."

Cut to Hilton Head, South Carolina, 15 years later, where the invitation-only "Renaissance Weekend" for movers and shakers is in full swing. *Times* Managing Editor Josette Shiner, a long-time member of the Unification Church—though she's recently switched to an Episcopal church in Virginia—is rubbing elbows with none other than Hillary Clinton. At one point in their conversation, as Shiner describes it, "Hillary said to me 'Hey—I want you to think about running my column!'" Several weeks later, "Talking It Over" by Hillary Clinton made its *Times* debut, a few pages away from the section which runs a column penned by—guess who—the former Tip O'Neil aide, Chris Matthews.

Has Washington's notorious "Loony Moonie Rag" finally (gasp!) joined The Media Establishment?

Not quite. Clinton and Matthews are hardly a representative sample of *Times* writers. And the *Times*'s circulation of 100,925 is still a mere one-eighth of the

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Post's. Over the course of its short life span, the *Times* has cost its owners over a billion dollars. Though its executives claim they are closing the gap, the paper continues to be a money pit. Most damaging of all, plenty of D.C. residents still dismiss the *Times* as "that Moonie paper." They're wrong. While the Moonies may occasionally have exercised questionable influence in the past, that's no longer the case. The real problem is the *Times*'s tendency to allow its conservative tilt—otherwise a positive attribute—to periodically contaminate its news coverage. As *Slate* deputy editor, and long-time D.C. media watcher Jack Shafer observes, the *Times* "has this weird compulsion to dip itself in manure every couple years. It's the journalistic equivalent of Tourette's Syndrome. They just have to soil themselves every so often."

But a growing number of fans, many of them liberals, have stumbled upon a useful little secret: *The Washington Times* has become a must-read. Not only because it occasionally breaks a really big story, but because the *Times* now offers a daily menu of straight, ground-breaking, essential news, often on subjects which other outlets give short shrift. "You can't not read the *Times* if you're working in government and politics in Washington," says one White House official. "There's unique information that they get that you won't find anywhere else."

You Sank My Battleship

To begin with, the *Times* has capitalized on the advantages of its underdog status. Recognizing that it cannot compete with the vast news gathering resources of larger dailies, the *Times* does not even attempt to be the paper of record. "We're happy to cede that ground to the *Post*," says Assistant Managing Editor Francis Coombs. Thus freed of what Josette Shiner calls "the burden of having to be all things to all people," the *Times* can deploy its limited resources on the gaps in news coverage left by its bigger competitors. "They are like a big old battleship," explains Shiner, "and we are like a PT boat. We get to zip around and go where the opportunities are."

Among the neglected waters probed by the *Times* is the federal agency beat covered by Ruth Larson. Larson is a newcomer to journalism. Prior to joining the *Times*, she spent a decade as an engineering officer in the Air Force. "Having been in the belly of the beast for 10 years helps," says Larson. The familiarity and insight into government that she gained during that time has enabled her to scoop more experienced reporters. And Larson says that federal employees who are normally leery of talking to the press open up when they realize that, until recently, she was one of them.

This "kinship with whistleblowers" has paid off. Soon after the crash of ValuJet Flight 592 one of Larson's sources in the Federal Aviation Administration mentioned to her that the accident, which had been caused by the mishandling of dangerous oxygen-generating cannisters in the plane's cargo hold, had been "bound to happen" and that, somewhere, there were documents to prove it. Larson's subsequent digging was instrumental in uncovering fatal mismangement at the FAA. Among her finds: memos detailing problems with the agency such as its extremely haphazard approach to preventing hazardous materials from being placed on aircraft, and the frank assesment of FAA employees before the crash that "we have given [the hazardous materials] program short shaft. It's going to jump up and give us a big bite one day." "A lot of us think we're going to have Pan Am 103 [with hazardous materials]," one divison manager had warned. His supervisor's response to such concerns? "I don't want to hear any more...about airplanes falling out of the sky from you guys."

Larson was also the first to do extensive reporting on former Energy Secretary Hazel O'Leary's expensive appetite for overseas travels. And it was Larson who broke the news that the INS's "Citizenship USA" initiative to speed up naturalizations may have been motivated by the administration's desire to add new Democrats to the voting rolls. In its haste, the INS failed to do thorough criminal background checks on hundreds of thousands of applicants.

The *Times*'s "PT boat strategy" has also involved amassing a small, but potent, arsenal of investigative reporters and deploying them in surgical strikes against more traditional targets—like the White House and the Pentagon. Bill Gertz, who happens to be among the few Unification Church members still on the news staff, is one of the paper's best weapons. Gertz is legendary among national security reporters for the quality of his sources. Although the administration complains that his pieces often lack context, he is the envy of his competitors. Gertz has broken so many stories based on classified information that investigations into the leaks have been launched at both the Defense and State Departments.

But the *Times* most celebrated hitter is probably Jerry Seper. Every day, it seems, Seper comes up with some new and scandalous revelation about the Clintons. A junior-college-educated ex-cop from Los Angeles, Seper is famous around the newsroom for his hostile interviewing technique. "I would sweat just listening to him talk to people on the phone," says former *Times*

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reporter Major Garrett. "I felt the heat, and I wasn't even on the line!" It was Seper who broke the news that numerous documents, including Whitewater files, were removed from Vincent Foster's office by White House officials a few hours after his suicide. And this past February, Seper was the first to report that Webster Hubbell had been paid almost $325,000 in alleged "hush money" by Clinton supporters after he resigned from the Justice Department to face criminal charges—and pledged his full cooperation to independent counsel Kenneth Starr. Though Seper is not the only reporter advancing the media's Whitewater coverage, he is widely recognized as leading the charge. At the 1995 White House Correspondents' dinner, President Clinton had the dubious pleasure of presenting Seper with the prestigious Barnet Nover Memorial Award for investigative reporting in front of an alternately shocked and amused crowd of 2,100 journalists and celebrities.

Although it's fair to say that Seper is obsessed with anti-Clinton stories, he has not resisted right-wing targets—like the annual "Good O' Boys Roundup" in Tennessee, attended by hundreds of federal, state, and local law enforcement officials. Seper revealed some of the 'O Boys not-so-good racist activities—like barring blacks from the Roundup and selling "nigger hunting licenses." Federal investigations followed.

That's not the only time the *Times* has proved willing to turn the spotlight on conservatives. As early as 1986, reporter George Archibald was credited with uncovering the revolving-door lobbying activities of Reagan adviser Michael Deaver. Deaver was eventually convicted of perjury.

Most recently, the *Times* has trounced the competition with its coverage of Republican Rep. Henry Hyde's legal troubles. Hyde, Chairman of the House Judiciary Committee, had served on the board of directors of a failed S&L, whose bailout cost taxpayers $67 million. After Hyde and his fellow directors were sued by the government for gross negligence, the *Times* began ongoing coverage of the case. The *Post* devoted one article to it, then ignored the story for the next three-and-a-half years—even as it became apparent that the other directors were preparing to let Hyde opt out of paying his share of their impending $850,000 settlement with the government. Gary Ruskin of the Congressional Accountability Project was astonished: "I mean, here's the chairman of one of Congress's most powerful committees being sued by his own government, and then getting a sweetheart deal. And the only place really covering it [other than the *Chicago Tribune*,] was *The Washington Times*!"

News You Can Use

Josette Shiner says her message to her staff is "if you're in a room with a hundred other reporters, you're probably in the wrong place. We'll use the wires to cover [that story]." Therein lies the second attraction of the *Times*. While the paper is resigned to the fact that it cannot cover the waterfront with its own people, it is nevertheless committed to the old-fashioned mission of providing its readers with as much hard news and useful information as possible. Thus, unlike richer papers, which scoff at the notion of printing stories by outside reporters, the *Times* makes liberal use of wire copy. As a result, although it has only one overseas bureau (in Japan), the paper is an outstanding source of international news. Every day the *Times* features a "Regional Briefing" page devoted to a particular area of the world. If it's Tuesday, the news is on the Americas, if it's Wednesday, it's on the Middle East. The articles in the world section are almost entirely from wire services like the Associated Press, Reuters, Scripps-Howard, Cox, Copley, and Knight-Ridder, as well as foreign newspapers, like Britain's *The Guardian* and *The Financial Times*.

The *Post*, to be sure, does some very good international reporting. But on any given day, the *Times* carries a wealth of stories you won't find elsewhere. Readers buying the paper on April 4, for instance, would have been treated to a selection of articles analyzing the political situation in Cambodia, and describing how government officials are stealing priceless treasures from the ruins of Angkor Wat. They would have learned that an American sailor had been arrested in Japan on rape charges, that U.S. Marines had taken part in a neighborhood raid to protect the American embassy in Albania, and that newly released records reveal that American diplomats had grossly misjudged de Gaulle's staying power in the 1950s. All of these stories were interesting. None of them appeared in The *Post*—even though the *Post* presumably had access to many of them. While there's nothing wrong with striving to do original work, the *Post* could clearly learn from the *Times*'s willingness to run stories not written by its own people in order to ensure that its readers get the news they need.

Like an earnest concierge, the *Times* is also chockfull of practical data. The "Washington Daybook" page lists not just the daily activities of Congress and government agencies, but the time and place of practically every briefing, lecture or conference in the area. An extensive list of the expected guests on all the major talk shows is also provided. For those who wonder what the other guys are up to, the *Times* even provides a side-by-side comparison of its own headlines with those of the *Post* and *The New York Times*.

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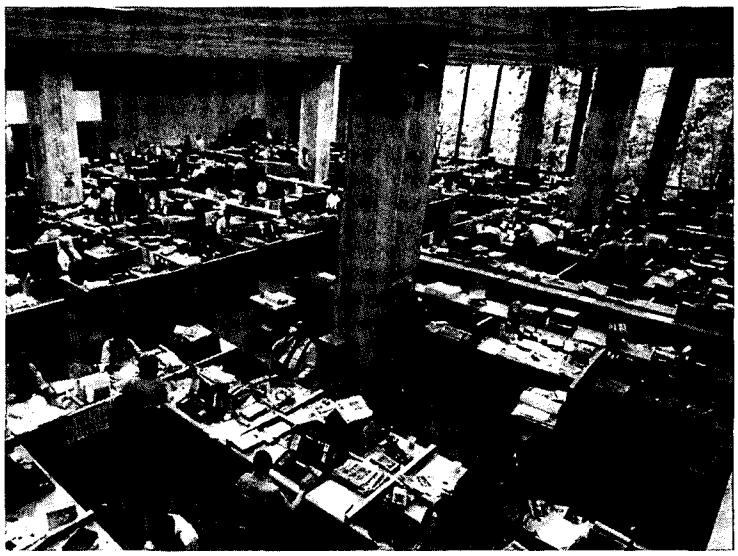
The paper's news-you-can-use attitude also informs its metro coverage: Is D.C. Mayor Marion Barry really fulfilling his promise to fill every pothole within 72 hours of its being reported? Brian Blomquist is on the case. Was the Metro crash last spring an unavoidable accident? The Times reveals that the train operator's repeated requests for permission to switch from computerized to manual controls were rebuffed by his bullying boss. When former U.S. Attorney Eric Holder finally managed to get a witness intimidator sentenced to life in prison the *Times* broadcast the story on the front page. Because of the paper's victims' rights orientation it had immediately appreciated the importance of the story. The *Post* buried it on page B5, where, as this magazine's Charles Peters observed at the time, "there was little danger it would be noticed by the criminals to whom Holder was trying to send a message."

The *Times*'s scrappy attitude towards D.C. affairs may be one reason for its suprising popularity among the city's African American residents. About 22 percent of *Times* readers are black—roughly equal to their proportion in the area's population.



The Times's newsroom boasts 18-foot cathedral ceilings, and a wall of windows overlooking the forested hills of the National Arboretum.

Another reason for the *Times*'s success with minority groups may be its self-conscious effort to focus on stories that will resonate with the average Joe. This, almost populist, sensibility often leads the *Times* to highlight stories which fly under the radar of more highbrow publications. Back in September, *Times* editors noticed a short wire story about Johnathan Prevette, the six-year-old boy who had kissed a classmate in school and gotten suspended for "sexual harassment." "We said...people are gonna care about this. People are gonna talk about this," recalls Josette Shiner. The *Times* put the story on page one. Talk radio and TV news programs also picked it up, and the airwaves soon buzzed with debate over whether sexual discrimination laws had gone too far. Finally, several days later, the *Post* was forced to report on what had by then become the week's biggest story. This progression of events was no accident, argues Editor-in-Chief Wesley Pruden: "We want to be a mirror to reflect mainstream American views back to Washington."

A Good Old Fashioned Value

Admittedly, the *Times*'s concept of mainstream American values is well to the right of what many of us believe them to be. Its voluminous commentary and editorial sections are filled with the rantings of nutty right-wingers who claim to represent the silent majority. This section of the paper is hardly essential reading—if you're looking for a good articulation of the conservative view you can just as easily turn to Robert Novak, Charles Krauthammer, James Glassman and George Will in the *Post*. Nevertheless the *Times*'s conservative perspective is one of its most valuable features. Who but the *Times* would run excerpts from a different local sermon every Monday? Where else could you get the anti-feminist take on the Beijing Women's Conference? What other paper would devote its entire second page to the cultural wars over sex, religion, and government—every day? Regardless of where you come down on these issues, the fact remains that they are of vital interest to many Americans. Yet the major papers routinely ignore them. Culture page editor Julia Duin was amazed when a crucial fact in a new abortion study that she had reported on was overlooked by the *Post*. According to the study, black women were three times more likely than whites to have abortions. "Whether or not you agree with abortion...that is a story," says Duin.

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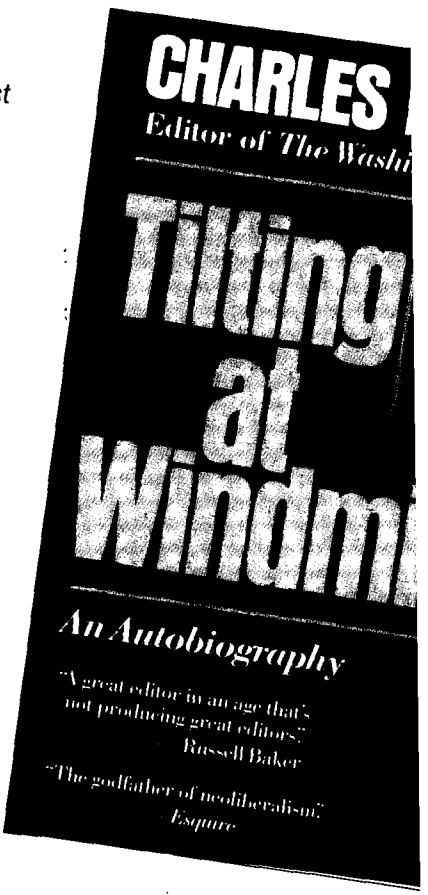
-Mary McGrory of *The Washington Post*



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a man who has led a wonderful life

-Michael Besch

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The *Post* has a lot to learn from reporters like Duin. The paper displayed its sensitivity to religion in 1993, when one of its reporters wrote that evangelicals were "largely poor, uneducated, and easy to command." Apart from insulting large segments of American society, this kind of social liberalism often blinds the *Post* to significant news—like the rise in teen abstinence programs, on which *Times* reporter Cheryl Wetzstein has done extensive reporting. Ultimately it's the reader who suffers: You don't have to agree with these kinds of developments to want to be aware of them.

The *Times* emphasis on stories that appeal to conservatives also makes it an excellent place to pick up news of what White House spokesman Mike McCurry calls "the entrails of the conservative movement." Although, McCurry does not recommend the *Times* for those seeking "factual reporting on the news of the day," he concedes that the *Times* "chronicles the ups and downs and sideways and byways of the movement better than any other newspaper I know." Public appreciation of the *Times* shot up significantly after the Republicans took over the House in 1994. "At the beginning, the other papers didn't know who any of the [newly empowered] Republican members were," explains congressional bureau chief Nancy Roman. But since the *Times* had been covering them all along, "we not only knew them, but we were familiar with their ideas, the bills they had put forward and the legislation they favored. ...We had a competitive edge." The *Times* became an invaluable tool for anyone who wanted to know what the Republican leadership was thinking. That year, circulation went up by 9 percent.

"You can't not read the *Times* if you're working in government and politics in Washington," says one White House official. "There's unique information that they get that you won't find anywhere else."

Although Roman admits that the other papers have closed in on the *Times*'s advantage since then, the paper remains the best place to read about internal Republican politics because its reporters are so plugged in to party sources. Ralph Hallow is among the best-connected. Just a few weeks ago, he revealed that in a heated meeting with 32 conservative activists, Newt Gingrich had been assailed for backing away from his commitment to tax cuts. Hallow's story—and the multitude of letters contesting it that followed—made for a highly entertaining read.

The Bad News

But if Hallow demonstrates the benefits of the *Times*'s conservative tilt, he also typifies its drawbacks. Hallow has switched back and forth between the paper's editorial and news pages, and it shows. He has been known to interrupt Republicans he is interviewing with statements like, "Come on, don't you know if you want to get somewhere with this WE have to—." Hallow maintains that this is just an interviewing technique, one he says he also uses with Democrats. But he is the first to admit to having a clear point of view, and it comes across in his writing. A perfect example was his March 19 story, headlined "Rules Committee chief calls for impeachment preparations," about the fact that two members of the House committee were studying impeachment procedures "in case there is a 'smoking gun' in the fund-raising inquiries involving Clinton and Gore." Apart from the pseudo-news aspect of the piece—no actual impeachment proceedings are underway—the article did not include a single quote from the Democratic perspective, or even a stock denial of wrong-doing by the Administration. "I hate [writing] 'on the one hand, on the other hand' because it's boring and formulaic," says Hallow. "I rather like the idea of trying to get in what I think is really important."

In practice, plenty of reporters for "mainstream" papers take the same approach—though not as many would be as forthright as Hallow in admitting to it. And this philosophy of journalism would be fine if the *Times* were a magazine, which has the freedom to identify itself with a particular philosophy—as this publication has done—and print articles whose purpose is to argue that point of view. But the *Times*'s calls itself a newspaper. As such, its primary obligation is to report the news in as fair and unbiased a fashion as possible. This doesn't mean the paper shouldn't explore topics that are ignored by other media, or ensure that opinions dismissed elsewhere are given their due in its pages. But it does mean that it's reporters must strive

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for balance, even at the risk of producing bland prose. Elusive though it may be, objectivity is still the goal. And stories that do not aspire to it should be clearly labeled as opinion pieces.

To be sure, many *Times'* reporters do subscribe to this traditional—some would say naive—journalism school view. These tend to be the ones who were drawn to the paper not for its conservative angle, but because of the incredible opportunity it offers young, talented journalists. Reporters like Nancy Roman, Laurie Kellman, Brian Blomquist and Michael Myers on the Hill, and Paul Bedard and Warren Strobel at the White House generally get high marks from the people they cover for striving to give all sides a fair shake. On the surface, the *Times*'s management would seem to support these efforts—after all, they're the ones doing the hiring. But the editors' oft-repeated assertion that "story selection" is the only place the *Times*'s bias is reflected is not as innocuous as it sounds.

Often the departure point from which its reporters approach stories sets them hunting in the wrong direction. An example was the story by Valerie Richardson which ran under the headline "2 deputy Forest Service chiefs forced to retire: Many on inside say Clinton has politicized agency." Richardson's piece completely missed the point: the Forest Service was finally getting rid of old-line bureaucrats who had sold out to the timber industry.

And on certain topics, the *Times*'s coverage verges on the obsessive. Like the paper's pathological fixation with the feminization of the American military. Not only does the issue get almost daily play in the paper's editorial pages, but its front page is routinely crammed with stories darkly warning of a feminist conspiracy to undermine our military preparedness, without providing convincing evidence. Take a recent piece by Rowan Scarborough in which he described the oddball views of a sexual harassment consultant employed by the military, but never bothered to find out the opinions of the other six advisers with whom she served, or the likelihood that her recommendations would be taken seriously—let alone implemented.

"Conservative story selection" at the *Times* also often translates into playing up any hint of dirt on the Clintons, while burying the bad news on anyone who is advancing one of the paper's favorite causes. A study by the Center for Media and Public Affairs found that over a 10-month period from 1993 to 1994, the *Times* printed nearly 70 percent of its Whitewater stories on the front page. The other major papers, in contrast, ran less than a third of their Whitewater copy on page one. But when Rep. Dan Burton—who, to the *Times*'s delight, is conducting a congressional investigation of White House fundraising—was suddenly hit with improper fund-raising charges of his own, the *Times* hid the story on the bottom of page four. The *Post* put it on page one above the fold.

Similarly, the *Times* made no mention of the discovery (reported in other major papers) that two of the troopers who had accused Clinton of sexual improprieties had been involved in an auto insurance scam several years earlier. Instead, the *Times* was only too happy to trumpet a story charging that a third trooper, who had risen to Clinton's defense, had a pattern of "reckless disregard for the truth."

And if you're looking for any positive news about Clinton, don't even bother checking the *Times*. During his trip to Northern Ireland in December 1995, Clinton's message of peace and reconciliation was greeted with thunderous cheers by a joyous crowd of over 100,000 Catholics and Protestants. It was arguably one of the best days of his presidency, and it landed him on the front pages of both *The New York Times* and The *Post*. But *The Washington Times*'s page 15 story didn't even mention the cheering crowds until the twelfth paragraph.

Then there was the article in which Jerry Seper breathlessly announced the FBI's confirmation that it had discovered Hillary Clinton's fingerprints on the long-lost Rose Law Firm billing records which had mysteriously re-appeared in the White House. Seper waited until the seventeenth paragraph of his story to mention the crucial fact that none of the other fingerprints found on the document belonged to any of the people Republicans had accused of removing files from Vince Foster's office. Naturally the *Times* ran this story on its front page. Readers who might have been better served by learning that Clinton had just announced a plan to give families a $1500 tax credit for the first two years of college had to flip to page four for that news.

Times editors justify such decisions by arguing that they have no desire to produce a pale imitation of *The Washington Post*. But the paper is in greater danger of resembling *The National Enquirer*. In its zeal to publish any sensational material on its enemies, the *Times* often splashes inflammatory gossip across its front page without bothering to check if there is any evidence to support it. *Times* staffers still cringe over a story the paper ran in 1988 on then-presidential candidate Michael Dukakis. A *Times* reporter had asked Dukakis's sister-in-law whether he had ever seen a psychiatrist. "It's possible, but I doubt it," she answered. "DUKAKIS KIN HINTS AT SESSIONS," screamed the headline. Last June the *Times* struck again with this page one eye-catcher: "CLINTON'S WEE HOURS

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DASH TO A ROMANTIC TRYST." The accompanying story reported the allegations made by former FBI agent Gary Aldrich in his book *Unlimited Access*. It turned out that Aldrich's source on the trysts was none other than conservative writer David Brock, who was merely passing on a rumor.

Such spectacular blunders are hardly surprising when one considers the attitude of the man leading the *Times*, Editor-in-Chief Wesley Pruden. "I don't have any particular apologies to make about putting the Aldrich story on the front. ...A lot of things turn out not to be true." he says. While *Post* Executive Editor Leonard Downie Jr. refuses even to vote, Pruden parades his political views before readers in a biting column runs on page four of his paper. Twice a week Pruden leaps into the partisan muck to throw some verbal mud at his favorite targets: homosexuals, "radical" feminists, and worst of all, the Clintons—or "Bonnie and Clod" as he often refers to them. No snide reference is too gratuitous, no insult too far below the belt. Just the other month Pruden wrote that during Secretary of State Madeleine Albright's visit to China after the death of Deng Xiaoping, Albright "might have been tempted...to make nice and dab at an imaginary tear between suppressed giggles (as Bill Clinton did at Ron Brown's funeral)."

Like the man he loves to hate, Pruden also hails from Arkansas. However, his upbringing could hard-

Who's Who

By Susan Threadgill

Reporters who accompanied **Al Gore** on his recent trip to China noticed that **Tipper**—who had heretofore been very friendly with the press, once even dancing with the photographers—didn't come back to the press section at all. Her demeanor seemed sour, but no one could figure out if she was sour at Al or the media.

Barry Munitz, the Chancellor of California State University, has hired **Leon Panetta** at $900 a day and **Sylvia Panetta** at $500 a day. He must have a very high opinion of either the Panettas' skills as educators or Leon's potential for attaining the governership of California, a post in which he would be able to do nice things for Munitz's institution.

Some people at *The Washington Post* must have felt a little uncomfortable when the paper's "Reliable Source" gossip column reported the marital difficulties of *New York Times* Foreign Editor **Bill Keller**. Will the *Times* retaliate, they must wonder, by publishing accounts of the new girlfriend **Len Downie** is said to have or of the reported suit by **Bob Woodward's** ex-wife **Frances Barnard** for non-payment of child support for their daughter?

One veteran Washington observer tells us to watch **Mike McCurry** if you want to know when the scandals have finally gotten to the Clinton White House: "Remember that zombie aspect **Ron Ziegler** assumed when Watergate reached disaster stage? When Mike begins to look that way, it's man-the-boats time."

Is Red Cross head **Elizabeth Dole** planning to seek the presidency in 2000? *The Philadelphia Inquirer*'s **Frank Greve** has found evidence that she's at least flirting with the idea: "Three top advisers from **Bob Dole's** campaign have won six-figure consulting contracts from the American Red Cross. ...Their employment, plus Elizabeth Dole's recent hiring of two other ex-campaigners for her personal staff," is what has aroused Greve's interest. One of the advisers, **Melinda Farris**, is best known for enhancing the image of **Barbara Bush**. Another is **Mari Maseng Will**, wife of the columnist **George Will**.

As for what the other guys have up their sleeves for 2000, **Paul Wellstone**, the senator from Minnesota, is rumored to be close to deciding whether to challenge **Al Gore** for the Democratic presidential nomination. Gore is said to be more worried about the possibility that **Dick Gephardt** will take him on. We believe Al can beat either or both. But he should fire the adviser who gave him that line about "controlling legal authority." Our guess is that the vice-president will not be permitted to forget those words.

Bill Clinton's pal **Eli Segal** is reported to be hustling CEOs to pledge to hire welfare moms. In the process of this laudable endeavor, he keeps saying, according to our source, "the man wants." Our source worries that

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ly have been more different. Pruden's father, the Reverend Wesley Pruden Sr., was a segregationist Baptist preacher and a founding member of a white supremacist organization called the "Capital Citizens Council." Pruden says he realized the error of his father's racist views after covering the civil rights movement as a reporter in the early sixties. And he clearly does not hold any of those opinions today. But he has not mellowed in other respects.

As Managing Editor of the *Times*, Pruden was notorious for changing reportes' copy to reflect his conservative view. Over the years, a number of reporters have resigned over such episodes of "Prudenizing." Dawn Ceol, daughter of conservative guru Paul Weyrich, quit in 1991 after charging Pruden had changed her article on the Clarence Thomas hearings to portray Anita Hill as a "fantasizer." Media critic Don Kowet left in 1992, complaining that his profile of Bob Woodward had been re-written as an unmitigated attack piece.

Waning Moon

Pruden maintains that his "Prudenizing" has always been motivated by a desire for clarity, not ideological slant. But, the results of his editing style have provided plenty of ammunition to those who accuse the *Times* of being a partisan, unreliable news source. This is a shame, because Pruden and his fellow editors have succeeded in bringing the *Times* such a long way from the

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unenforcable pledges from the private sector may provide an illusion of employment opportunities that will excuse the president and Congress from acting to make sure that real jobs are available for the people who they are throwing off welfare. Is the president capable of such cynicism? Is the Congress? Hmmm.

Dick Morris, we hear, wants a radio show on which he can discuss his polling results and pontificate. He's said to aspire to be the **Rush Limbaugh** of the center.

"Nothing gets done in this wildly disorganized White House unless B. orders it done (and even then there's no guarantee)," writes **Robert Reich** in his new book, *Locked in the Cabinet.* "Well, it could have been worse," one White House observer told us, "He could have said H."

By the way, have you noticed how a career in talk radio is a new alternative to a lifetime of disgrace? Consider not only **Morris**, but **Gordon Liddy** and **Ollie North.**

Practically everyone is convinced that **Anne Lewis** will succeed **Don Baer** as director of communications at the White House. Lots

of people like Anne, but she has a few detractors who fear her loyalty is a little too unquestioning to be good for **Bill** and **Hillary**, neither of whom would ever be in danger of getting an A in Self-Criticism 101.

Peter King, a Republican congressman from New York, has introduced a resolution to deny federal funding to "any program that is based upon the premise that 'Ebonics' is a legitimate language." To drum up support, he sent a letter to his colleagues saying "When Is A Language Not A Language? When It's Ebonics!" Rep. **John Conyers Jr.**, reports the *Los Angeles Times*, "was not amused. He pointed out more than 20 errors of grammar and form in King's missive."

Another tidbit from **Bob Reich**'s new book: "What's so galling is that the decision [to fire **Mack McLarty** and hire **Leon Panetta**] was made without any of us having a clue. **Laura** [**Tyson**], **Bob** [**Rubin**], and **Gene** [**Sperling**] spend most of their waking lives within these walls and yet didn't hear a word of it. I now know what it must feel like to be inside the central palace in a banana republic during a *coup d'etat* when the only reliable information comes from cable news."

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days when rumors of Moon's influence still swirled.

Just two years after its founding, the paper was rocked by the resignation of its first Editor-in-Chief James Whelan amid charges of improper influence by executives at News World Communications, the *Times*'s parent company which is the for-profit media arm of the Unification Church's business empire. The following year Editorial page editor William Cheshire wrote a memo to then Editor-in-Chief Arnaud de Borchgrave complaining that "we consistently doctor wire service copy so as to remove 'objectionable' references to the Church and Rev. Moon." And two years later, Cheshire and four of his deputies quit after alleging that, at the behest of the owners, de Borchgrave had pressured them to re-write an editorial that was critical of South Korea's president.

De Borchgrave vehemently denied both the specific accusations and the general claim that the *Times* did not enjoy total editorial independence. But he did not help his cause by personally authoring an editorial calling for a presidential pardon of Moon—who was in prison for tax evasion. Nor did de Borchgrave's appearance at a "welcome home party" for Moon upon his release do much to erase the Moonie stigma.

While the Moonies excercised influence in the past, that's no longer the case. The real problem is the Times's tendency to allow its conservative tilt to periodically contaminate its news coverage.

Nevertheless, during his tenure from 1985 to 1991, de Borchgrave finally began getting the paper some positive attention. A former Belgian count who had gained notoriety as a swash-buckling war correspondent for *Newsweek*, de Borchgrave lent a touch of sophistication to the paper. Every morning he would clip out articles from a dozen or so newspapers and attach his commentary on over-sized yellow index cards. He would then step out of his office onto a long balcony overlooking the newsroom, call out to the intended recipients below, and send the clips floating down to them. The reporters called it "yellow rain." "He'd have an article from *Der Spiegel* clipped to a yellow memo, and it would say 'why have we missed this fact?'" recalls Josette Shiner. "And the fact would be in paragraph seventeen—in German."

In contrast to Pruden's emphasis on national politics, de Borchgrave's passion was foreign affairs. A committed cold warrior, his beliefs coincided with those of both Moon and President Reagan—who declared the *Times* to be his "favorite newspaper." But while this fact, and the *Times*'s increasing knack for breaking big stories, earned it admiration, de Borchgrave never managed to make the *Times* entirely respectable. Part of the problem was that he seemed content with the paper's identity as an active participant in the partisan fray. One former reporter remembers his astonishment when, at his job interview, de Borchgrave asked point-blank: "So who did you vote for in the last election?" When Congress temporarily halted funding for the Contras, de Borchgrave ran a front page editorial announcing the creation of a *Times* sponsored "Nicaraguan Freedom Fund"—to which the paper's then publisher Bo Hi Pak promptly contributed $100,000. Horrified, 55 *Times* reporters signed a petition in protest.

While he hesitates to criticize de Borchgrave, Pruden maintains that he would not engage in such stunts today. And though reporters still scratch their heads over the occasional pep talks Moon gives them, there have been no major accusations of Moonie meddling in recent memory. Pruden seems poised to bring the *Times* into a new era. His stated goal is for the *Times* "to be a good newspaper, to faithfully report the news." And he often comes close to achieving it. But by allowing the paper's conservative editorial stance to spill over into its news gathering, Pruden is undermining the very credibility he and his staff have worked so hard to build. The consequence of this was highlighted during the last election, when the *Times*'s repeated assertions that Dole was closing in on Clinton's lead were dismissed by other media as wishful reporting. Only afterwards did the other papers marvel at the accuracy of John Zogby, the pollster heavily cited by the *Times* and ignored by everyone else. Like the little boy who cried wolf, when the *Times* has something to shout about, it's easy for people to cover their ears. But the fable contains a lesson for the rest of us as well. Despite his bad habit of ringing false alarms, this little boy is worth listening to. You might even consider subscribing to his paper.

Research assistance provided by Sherri Eisenberg.

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Stately Living

How to lose money in real estate Uncle Sam's way

BY AMANDA RIPLEY

HAMILTON, THE TINY CAPITAL CITY of the Bermuda islands, boasts waterfront vistas and historic charm. Tucked between the hillside and the sea, the town is home to immaculate harbors, bustling boutiques, and Chelston, the residence of the U.S. consul general to Bermuda. The main house measures nearly 10,000 square feet and occupies a 14-acre estate, complete with beach house. Valued at $12 million, the estate is maintained—to the tune of $100,000 a year—courtesy of the U.S. State Department.

In fact, the State Department, through its Office of Foreign Buildings Operations (FBO), manages 11,000 leased properties and 3,000 U.S.-owned posts valued at about $12 billion. It operates 260 locations worldwide, at a cost of about $2 billion per year, according to a 1996 report by the General Accounting Office. The list of sites includes embassies and consulates, office buildings, residential units and undeveloped land—all of which theoretically work to protect American political interests, advance the nation's economy, provide border security, and help citizens in distress.

In reality, FBO resources all too often go toward maintaining lavish or superfluous facilities that do more to drain U.S. coffers than to serve the national interests. According to a report released in April by the GAO, the State Department may have at least $50 million tied up in unneeded overseas real estate, ranging from closed or vacant posts in Tanzania and Egypt to excessive sites in the Czech Republic and Hungary. The Bermudian property is far from the most egregious offender.

In Rabat, Morocco, the department owns an eight-acre lot intended for an embassy and ambassador's residence. Since the land was purchased in 1988, the King of Morocco has used the lot for an orange grove. (Apparently citrus fruit plays a vital role in our national security.) There are no current plans to build or sell.

The department also owns a 43,000-square-foot mansion in Buenos Aires that has served as the ambassador's residence since 1929. By some estimates, the property is worth $20 million, with annual operating costs hovering at $500,000. The GAO has recommended selling the place since 1969. The embassy has opposed the sale for just as long, noting that the mansion serves as a symbol of the U.S. presence in Argentina. (All too true.) The FBO plans to restore the estate.

In Alexandria, Egypt, the consulate general closed in 1993. State Department officials retained the residence, valued at more than $1 million, in case the post reopened. (State says the property is currently on loan to the U.S. Information Agency.) According to the GAO, the State Department's own Inspector General said maintaining the property showed an "apparent lack of concern for the financial loss being incurred by the U.S. government."

State responded to the criticisms with a "thorough" review of the Alexandria property, which concluded that (surprise!) the facility's retention was in the "national interest": "The house has proven invaluable for lodging the Ambassador and others when local hotel space is unavailable." Now, even assuming diplomatic convenience is a matter of national interest, the house was reportedly used for only 14 events in all of 1995, only one of which was hosted by the ambassador.

Courtside Diplomacy

With the State Department already facing budget cutbacks, the GAO's April 1996 report met with a less than favorable reception. Embarrassing his colleagues, department spokesman Nicholas Burns confidently declared: "[W]e don't have any 'beachfront resorts.'" (Bermuda must have slipped his mind.) "We don't have any vacant ambassadorial residences in our inventory of overseas property." (Ditto Alexandria.) "[The GAO] facts are wrong, and I challenge them to tell us otherwise." Other State Department officials were less

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emphatic, saying they agreed with the "thrust" of the findings but contested four out of five of the GAO's policy recommendations. A response submitted by the department's Chief Financial Officer claimed the report overlooks complex political realities: "In making decisions to buy or sell property we must not limit our focus . . . entirely to the financial merits of a transaction." Quality of life was among the competing concerns cited. Of course, quality of life means different things to different people. To a U.S. ambassador in Santo Domingo, for instance, it meant using more than $10,000 in routine-maintenance funds to resurface his tennis court. In fact, a May 1995 GAO report found that every overseas post it reviewed had used maintenance funds for similarly questionable purposes.

The State Department claims that much of what the GAO considers inefficiency and excess is actually the result of complicated diplomatic realities. For example, although State's inspector general has repeatedly recommended selling the Bermuda facilities, other department officials insist Chelston was a gift from the Bermudian government, which would make selling the property diplomatically sensitive.

The GAO looked into the matter and discovered that the property was originally owned by an American citizen. Upon his death, the trustees transferred ownership to the Internal Revenue Service to pay for back taxes, and the State Department, through discussions with the Bermudian government, acquired the property. How exactly this constitutes a "gift" is unclear—even, apparently, to the State Department. Most recently, in an August 19 letter, Assistant Secretary of Legislative Affairs Barbara Larkin said Chelston was "donated" to State.

In the department's defense, international negotiating dynamics are complicated. But complexity does not exempt the State Department from accountability—from doing its best to explain its expenses to the public. During the GAO inquiry, however, State refused investigators access to many of the relevant files. The GAO's Diana Glod, who headed the inquiry, said the department wouldn't relinquish data involved in ongoing negotiations. But, she added, "they had so many things 'in-process' it made it difficult to do our work."

The department's refusal to be up front about the challenges it's facing makes suspect even its legitimate claims of "diplomatic constraints." With all of the alleged sensitivity surrounding Chelston, the department has been unable to document Bermuda's objection to the sale. Far from being concerned about their credibility, department officials treat outsiders with an adolescent sense of distance, as if to say, "You can't possibly understand us and you never will."

A Bad Sign

Beneath the rhetoric, the department is covering up a bigger problem: institutional weakness. The FBO has no systematic way to determine when property is unnecessary or too expensive to maintain (though a $10,000 bill for tennis court maintenance might be a good clue). The Foreign Affairs Manual requires each post to report periodically on properties that are excessive, underutilized, or unaffordable to maintain, but the FBO has failed to document whether embassies have been fulfilling these requirements.

Parochial self-interest serves to compound the problem. The GAO found that State often will not close a sale without the affected embassy's agreement. Shockingly enough, few diplomats are lining up to swap their beach houses for a fiscally responsible alternative. Still, in the department's opinion, this policy does not represent a conflict of interest. In her letter to the GAO, Larkin asserted: "Parties to any decision-making process must be expected to have particular views, to express them, and indeed, to champion them."

Even when a sales decision is clear, the government is predictably slow to take action. For example, a Tokyo residence formerly used by the Treasury Department's financial attaché was worth an estimated $15 million in 1991. (The property had deteriorated and was no longer usable.) But Treasury and State officials could not reach an agreement on its sale, and by 1994 the estimated value of the property had dropped by $10 million. The residence still has not been sold.

Problems within the FBO are not new. In 1992, the GAO placed the FBO's handling of overseas property on its list of federal programs most vulnerable to waste and mismanagement. The list cited "insufficient maintenance of facilities, lax oversight of overseas post operations, inadequate information systems, and poor planning." In 1995, after making "significant progress" in other areas, the FBO dropped off the list. But the problem of retaining excessive and unnecessary property has proved harder to shake.

Even more troubling than the millions being wasted by the FBO is the thought that the situation is indicative of how the State Department is run overall. Are all of its accounting systems so well monitored? Are reporting regulations typically adhered to this scrupulously? Are spokesmen like Nicholas Burns normally so well informed? If so, State has a lot more to worry about than a few extra palazzi—as do the taxpayers supporting the department's bad habits.

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Apocalypse Later

Alarmist predictions of global warming only obscure the real danger

by Gregg Easterbrook

THE HEAT IS ON: The High-Stakes Battle Over Earth's Threatened Climate
By Ross Gelbspan
Addison-Wesley, $23

BY CHANCE, TWO BITS OF WRITing on the Antarctic ice shelf recently crossed my desk on the same day. One was a galley of *The Heat Is On*, a new book by veteran journalist Ross Gelbspan. It begins by asserting that the vast astral ice field may soon topple into the ocean, raising sea levels in "one of the most spectacular and nightmarish manifestations yet" of global-warming effects that may soon render the world "a storm-battered, insect-infested breeding ground of infectious disease, of temperature extremes, of intensive draught and desperate heat." Gelbspan goes on to say that there is no longer any controversy among mainstream scientists that artificial greenhouse warming is already happening and already poised to cause ghastly effects such as ice shelf collapse.

The other item to cross my desk was an article by a research specialist from the Geophysical and Polar Research Center at the University of Wisconsin, appearing in the technical journal *Science* and titled, "Rapid Sea Level Rise Soon from West Antarctic Ice Sheet Collapse?" This work concluded that the chance is one in 1,000 that the West Antarctic ice shelf could collapse during the next two centuries; and that if it did the cause would have to be natural, because "induced" climate effects such as global warming are not capable of cracking a body of ice that has changed little for four million years.

Hmm. If all mainstream scientists are in total consensus on this one, how come the world's preeminent scientific journal says otherwise?

My recent experience with environmental disputes has taught me that everyone claims to have "sound science" on his or her side. But invariably, what constitutes "sound science" is whatever supports what you want to believe anyway. In turn, everyone claims the other side is using distortion, junk science, PR, and so on—the definition of bad science, of course, being whatever you disagree with. In that sense, environmental arguments have all gone Washington.

Pretending that the global warming issue can be divided up into righteous, noble truth and sinister, crooked distortions, is the primary flaw of *The Heat is On*. In the main, the book is a valuable work, doing a good job of showing that scientific thinking increasingly inclines in favor of taking the greenhouse effect seriously, as is unquestionably the case.

Gelbspan also makes an important contribution to understanding how the greenhouse debate has interacted with Washington cultural anthropology. *The Heat Is On* shows that conservatives in Congress have responded with lather to that portion of the business community which denies any global warming threat (mainly, the coal industry), while ignoring the sector of big business that is willing to undertake reform. Conservatives are delighted whenever industry trots to the Hill with cries of unfair treatment by liberal opinion, yet turn away when industry tells Congress it will support a liberal reform. As Gelbspan ably demonstrates, a surprisingly significant portion of the business community, including big transnationals such as Dow, DuPont, and General Electric, backs market efforts at greenhouse reform: in part because such firms now realize that (moderate) reductions in greenhouse emissions could be achieved at little cost through energy conservation. Hill Republicans pretend not to hear that. So too, apparently,

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does the White House, whose recently released greenhouse treaty proposal falls considerably to the right of what "leader" companies advocate. Like Hill conservatives, Clinton and Gore seem to have spent a lot of time listening to the lowest common denominator of the business community, and not much time listening to the forward-thinkers. It might be interesting to investigate if campaign contributions have anything to do with the difference.

The virtues of *The Heat Is On* are diminished by its one-dimensional alarmist point of view. Gelbspan takes the bleakest analysis of every angle, and often presents as scientific fact what are actually highly speculative claims. He writes, for instance, that greenhouse impacts mean "U.S. wheatfields could be deserts in a decade," a view that borders on goofy; or that even a mild future temperature rise could cause India's wheat crop to decline, a puzzling contention since Indian wheat production has improved 445 percent during this century's mild temperature rise. Gelbspan sees conspiracies everywhere: "In the United States, the truth underlying the increasingly apparent changes in global climate has largely been kept out of public view." How many times has global warming been on the cover of *Time* and *Newsweek*? Or: "The financial resources available to the oil and coal lobbies are almost without limit. They can buy Congress. They can buy...access to editorial boards, TV producers and every relevant reporter in the country...the captains of industry jockey for ways to suppress news." So if they've all been bought, how come reporters keep churning out worst-case stories on global warming? Or: "Almost every week international news wires carry stories about extreme, disruptive, and often record-breaking weather events. Unfortunately these stories normally get buried away, and powerful forces are at work to see that they remain obscure and their significance unrecognized." Can you think of any non-O.J. story of the past few years that's gotten more page-one play than unusual weather?

Gelbspan's handling of unusual weather is important, because it reflects the environmental-orthodoxy approach of taking a genuine concern and inflating it into a threat to life as we know it. Most researchers now think that if there were artificial warming, changes in climate patterns would manifest themselves before any damaging buildup of heat. Two important new studies of the last two years, one showing a statistically significant increase in deluge-type rains in North America, the other demonstrating that spring now comes almost a week sooner than it did at the turn of the century, increase the weight of evidence in favor of "induced" climate effects. *The Heat Is On* properly lends significance to these studies, but then goes overboard by filling many pages with stories of unusual weather. Gelbspan declares that "the most striking aspect of the recent severe weather events is that virtually all of them set a new record."

But there's always a weather record being set somewhere. Somebody's always got an all-time high or low or downpour or drought, and this was true long before greenhouse gases. New York City's worst-ever heat wave was in 1948. Washington, D.C.'s, worst-ever hot spell was in 1872. Perhaps the most basic mistake a global warming analyst can make is to confuse weather, which is "weak" statistically—short-term and subject to chance—with climate, which is statistically "strong." For thousands of years, people have been trying to wrest augury out of the weather, and they've always been wrong. There are much better arguments for greenhouse reform than incidents of weird meteorology.

The Heat Is On does a thorough job of documenting how the coal industry has attempted to create the impression that there exists a huge scientific controversy over the premise of the greenhouse effect. There does not: Consensus is now close to unanimous that human activity must be having some effect on climate. That was the position recently taken by the United Nations's authoritative science panel, the IPCC. But there is genuine scientific controversy regarding whether climate change will be severe, and whether emergency steps are justified. The IPCC recently concluded that global temperatures have risen one degree Fahrenheit in the past century—perhaps a warning signal, but not itself worrisome—yet found it impossible to determine what portion of the increase can be attributed to human action. That is to say, there remains plenty of room for honest debate.

Not according to Gelbspan. To him, all greenhouse believers are noble crusaders, all skeptics are evil conspirators. Gelbspan spends quite a bit of line length denouncing a few academic greenhouse dissenters as political conservatives—MIT's Richard Lindzen is "one of the most ideologically extreme individuals I have ever interviewed," though no persuasive example of the extremity is given—yet never mentions that nearly all the greenhouse believers he quotes favorably are political liberals. If it's suspicious that skeptics have political views, how come it's fine that advocates do?

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Gelbspan excoriates the mainstream press for continuing to quote greenhouse skeptics S. Fred Singer and Patrick Michaels, both of whom are credentialed but have also accepted industry funding. He does not, in turn, note that most greenhouse believers work in federally funded labs, or at federally backed research-center universities, where continued grant money is contingent in part on greenhouse alarm. Every time James Hansen, director of a federal greenhouse study institute, testifies before Congress, he is in effect asking for money, some of which will end up in his own billfold. There's nothing wrong with that, but if funding controls opinion, how come Hansen's funding interest isn't mentioned in *The Heat Is On*?

Gelbspan takes publications such as *The New York Times* to task for often quoting Michaels as an objective expert, though Michaels publishes an anti-greenhouse newsletter funded by the coal lobby. But *The New York Times* also often quotes Michael Oppenheimer as an objective expert, though Oppenheimer is a full-time employee of the Environmental Defense Fund, a lobbying organization that benefits from greenhouse scares. *The Heat Is On* quotes Oppenheimer neutrally too, though his pay comes entirely from an organization with a financial interest in the controversy; unlike Michaels, whose main source of income is a professorship at the University of Virginia. Again, how come dissenters can't have self-interest, but advocates can? (The fair solution is that neither Michaels nor Oppenheimer, nor others with direct checking-account stakes in the outcome, should be quoted unless their financial interest is noted.)

Gelbspan's handling of unusual weather is important, because it reflects the environmental-orthodoxy approach to taking a genuine concern and inflating it into a threat to life as we know it.

Though Gelbspan understands Washington lobbying, he betrays something falling between naiveté and willful embroidery when it comes to Hill politics. In an overheated chapter entitled "A Congressional Book Burning," he quotes in outraged detail a subcommittee hearing at which Rep. Dana Rohrabacher of California, an arch conservative, displayed contempt for greenhouse concerns, then rammed through a resolution canceling funds for study of climate issues. Gelbspan ends the story there, as if a subcommittee action were final, and the funding were gone. But subcommittee votes are the essence of Washington make-believe, rarely related to genuine decisions: the federal budget still has about $1.7 billion for climate change research, the pre-Rohrabacher figure. Gelbspan then huffs that "in July 1996, responding to lobbyists' urgings, Rohrabacher wrote a letter to Secretary of Energy Hazel O'Leary, urging her to withdraw Energy Department funding" from a lab that employs a prominent greenhouse believer. Again the impression is given that this happened. Gelbspan doesn't add that the lab remains funded.

Yet though discerning readers may take issue with portions of *The Heat Is On*, most should be comfortable with its conclusion, that greenhouse reforms are justified and will not harm the economy. Scientific uncertainty about climate trends remains substantial, but there is no doubt that the first reform—reducing fossil fuel use through improved energy efficiency—is in society's interest whether the thermometer is rising, falling, or doing nothing at all. And energy efficiency pays for itself in the value of fuel saved, while cutting other forms of pollution, such as smog, as a bonus. Arguments like these make greenhouse action amply justified as an insurance policy.

As with so many environmental issues, the understated case may have more power of suasion than the overstated case. Kansas could become a desert in a decade? Yes, that might happen, and Boston might be hit by a comet that would prevent *The Heat Is On* from being distributed. The core issue isn't what might happen but what is likely. The sort of worst-case global warming scenarios beloved by greenhouse alarmists are exceptionally implausible. But the median prospect of moderate warming, causing climate shifts that disrupt agriculture and energy use, is plausible and plenty fearsome in itself. Greenhouse reforms are more likely to win the support of voters if premised on credible warnings.

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An American in Africa

Richburg is right to point out the horrors of Africa, but wrong to claim they are unique

by Kenneth Noble

OUT OF AMERICA: A Black Man Confronts Africa
By Keith B. Richburg
BasicBooks, $24

SEVERAL YEARS AGO, WHILE SERVing as a foreign correspondent in Africa, I heard what was, if true, perhaps the most self-loathing comment I could imagine a black American making. *The Washington Post*'s new Nairobi bureau chief, a young man named Keith Richburg, had been seen about town, regaling his white colleagues with the thought that he was glad his ancestors had been taken from their native villages and ended up in America. Better to have been brought across the ocean in leg irons, he said, than to be stuck now in modern Africa. Here was an extraordinarily brave man, one journalist told me, because he spoke openly and without apology of matters that most of his colleagues only dared whisper, namely that Africa was beyond salvation. And because Richburg is black and works for one of the world's most prestigious newspapers, his comments, of course, could not be dismissed as racist rantings.

To say that slavery was preferable to the rigors of life in modern Africa seemed a bit overwrought for someone who had barely unpacked his bags. In any event, now, after finishing a three-year tour on the continent, Richburg has written a book in which he elaborates at length on his revulsion with all things African. To hear him tell it, the continent's problems are so "intractable" that the outside world best leave it alone until "Africa is ready to save itself." In one passage, he writes: "I do not hate Africa or the Africans. What I hate is the senseless brutality, the waste of human life." But a few paragraphs later, he oscillates, admitting: "I am terrified of Africa. I don't want to be from this place." And perhaps the greatest sin, he insists, is to romanticize "Mother Africa" as "some kind of black Valhalla, where the descendants of slaves would be welcomed back and where black men and women can walk in true dignity." He's tired, he writes, "of all the ignorance and hypocrisy and the double standards heard and read about Africa, much of it from people who've never been there. Talk to me about Africa and my black roots and my kinship with my African brothers and I'll throw it back in your face."

The resulting memoir, *Out of America*, takes the reader on an angry tour through some of the world's most wretched places. Each chapter fleshes out his ordeal with anecdotes, autobiographical reminiscences and broad cultural reflections. In refugee camps in Zaire, he sees bodies stacked up like firewood, and in Somalia he witnesses thousands of people literally dying on the streets from starvation. In Rwanda, perhaps the worst place of all, he writes: "I watched the dead float down a river in Tanzania," and "there I was, drenched with sweat under the blistering sun, standing at the Rusmo Falls bridge, watching the bodies float past me. They were bloated now, horribly discolored. Sometimes the hands and feet were bound together. Some were clearly missing some limbs."

There is something both heroic and sickening about this. Richburg surely knew he would be pilloried for his views, attacked by multiculturalists and Afrocentrists and assorted Western do-gooders, and you can almost hear him reveling in anticipation, eager to take on all comers. He's been there, and you haven't, he declares, which on its face makes an exceedingly compelling argument. And this brings us close to the central problem with *Out of America*. Richburg tells readers they will learn what Africa is really like. In fact, what we mostly learn is how horrible war is and how wretched the current generation of African leaders is. This is all true, and Richburg's book provides many convincing illustrations. But he never goes beyond his description of Africa's troubles to give us a deeper understanding of the people who are being affected—let alone the multitudes who are not currently living in a war zone.

Richburg does break new ground, however, in his disillusionment with black leaders, scholars, and others who have sought in recent years to put Africa at the core

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KENNETH NOBLE, *former West Africa bureau chief for* The New York Times, *is currently on leave, writing a book about the Liberian Civil War.*

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of the black experience in America. And in Richburg's hands, Africa furnishes a pretext for talking about his deep ambivalence about his own racial identity.

Indeed, there is considerable confusion about what racial insecurities and resentments Richburg carried around with him before he ever set foot in sub-Saharan Africa. We learn that he was born and raised in the Detroit of the 1960s, that his early childhood was integrated, that he attended a mostly white high school in Grosse Pointe, and that many of his friends were white. "Mine was not what you might call a particularly 'black childhood'—just a childhood, an average American childhood." Whenever trouble arose between blacks and whites, he felt himself to be "on both sides, on neither side—not wanting to have to take sides." Later at the University of Michigan, he recalls with some chagrin that "Afrocentrism" was already entrenched in the curriculum and that signs of a new black awareness were everywhere. "It seemed to me almost like a kind of voluntary resegregation" and "when I walked into the dorm dining room, I had to decide whether to sit at the black table with my black friends or to integrate the white table so I could sit with my white friend. Once he recalls sitting next to a white friend in a class on African politics, a "lanky blond gymnast." "Maybe it was my imagination, but you could cut through the thick layers of hostility with a butter knife. Hostility toward her just for being there, a white woman in a black studies class. And hostility toward me, it seemed, for breaking rank, for preferring the company of the enemy, the oppressor. It was the dining hall test, and I had failed. I had chosen the wrong side."

What is especially telling about these reminiscences is how often blacks are made out to be narrow-minded, even a bit foolish, while whites are depicted as largely innocent victims of black hostility and paranoia. Once, his white suburban friends were on an outing in the heart of Detroit's inner city and crossed paths with a group of black kids from his neighborhood. "One of the white girls saw one of the black girls with an Afro comb, a pick, stuck in the back of her hair, and made some ill-advised comment like, "Why do you have that comb in your hair?" Predictably, given the always simmering hostility of blacks, all hell broke out. The black teenagers were soon "hitting at the windows with chains and bottles and anything else they can get their hands on." As for him, "I was embarrassed. Humiliated. These were my friends and schoolmates—my white friends." And "this is how black kids in the ghetto behaved. This is how they would see me. I was so ashamed that I wanted to cry."

Years later, as a young reporter at *The Washington Post*, Richburg found that blacks were still acting badly. This time it involved conspiracy theorists in the black community who believed, altogether absurdly, that there was a grand scheme by whites to keep them down. They called it "The Plan." "I learned pretty quickly after coming to Washington that as a journalist, especially one working for the *Post*, there's no escaping the ongoing urban race war, no way to ignore the Byzantine layers of racial conspiracy theories, no way to simply do your job and be a reporter without being 'a black reporter.'"

There is something breathtaking about Richburg's racial defensiveness. On one hand he deplores racial stereotyping, and then goes on to make sweeping judgments that perpetuate them. To say there is "no way" to ignore racial conspiracy theories and "simply do your job," is nonsense. Or take this passage, where he recalls recoiling at the cynicism of his white journalist colleagues during his early days in Africa. "I felt uneasy, the way you do when you're a black guy in America, and you're hanging out with a bunch of white friends and someone tells a friendly 'nigger' joke." Excuse me? What are "friendly nigger" jokes? And what kind of person passively listens when his so-called friends insult him to his face?

Much of Richburg's experience on the continent took place in Somalia, which he says "became the prism through which I came to view the rest of Africa." Now imagine a foreign correspondent writing that Bosnia became the "prism" through which he came to view the rest of central Europe, or that the Chinese thugs who put down the Tienanmen Square uprising were typical of Asian leaders throughout the region. It is a preposterous conceit, but Richburg blithely barrels ahead, using Somalia and the later tragedy in Rwanda as metaphors for what he calls "my own disillusionment."

This is not to say that Africa is not plagued with tragic social and political problems. And the atrocities and injustices Richburg witnessed were horrible. But were they all that different from the Khmer Rouge's genocidal march through Cambodia, or, for that matter, the Holocaust? African atrocities are different, Richburg insists, because they were committed by people whose culture and behavior are so alien to Western values that they are almost impossible to comprehend. Early on, he concludes, "I knew I could never truly understand what it was like to be an African."

But are Africans really all that different from the rest of us? To demonstrate that they indeed are, Richburg recalls a photograph he once saw of a Kenyan teenager shown laying flat on his back, one of his hands chopped off, while an older man stood over him, "gleefully holding what looks like a giant meat cleaver." The boy had

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been accused of stealing and the crowd was imposing street justice. "I became fixated first on the boy's screaming face, but then on the faces of the crowd in the background; they were all laughing and smiling." Richburg says, concluding: "How could I possibly relate to these Africans, when we are separated by such a wide gulf of culture and background and emotion and sensitivity? The truth is, as Richburg must surely know, that Europeans, Asians, and, yes, Americans, have behaved just as inhumanely in the recent past. Has he not seen photographs of southern whites grinning as they celebrated the castrated and burned corpse of a recently lynched black man? Are these murderers all that different from those surrounding the teenager in the Nairobi slum?

Still, after having said so much about Africa, Richburg does not seem greatly interested in Africans themselves. We get the names, nationalities, and even sexual peccadilloes of several British journalists, and we meet two black American diplomats who profess to feeling disgusted with the continent, and there are countless interviews with western relief workers. But where are the ordinary Africans, the people one would expect to bump into at the market or have a drink with at a hotel bar? Richburg confesses to spending much of his free time in Nairobi and elsewhere with the mostly white expatriate community, but we hear nothing of the considerable number of black expatriates on the continent. This is not a niggling point, because Richburg makes much of the idea that being a black reporter in Africa put him at a distinct disadvantage to his white colleagues. I wish it were that simple.

Perhaps the most chilling thing about *Out of America* is how impervious to new experience Richburg shows himself to be. Again and again, he explains how his time in Africa became "an exploration, and a discovery, of myself." In truth, Richburg emerges from his tour with every one of his prejudices intact. "So am I a cold-hearted cynic?" he asks, "An Africa hater? A racist, maybe, or perhaps a lost and lonely self-hating black man who has forgotten his roots?" It's a rhetorical question, and he clearly pleads innocent to all charges. In the end, however, readers may not be so forgiving.

Just Your Average Aristocrat

David E. Bruce had money, charm, and an unoriginal mind

by Kai Bird

THE LAST AMERICAN ARISTOCRAT: The Biography of David K.E. Bruce
By Nelson D. Lankford
Little, Brown & Company, $27.95

THE LATE AMERICAN DIPLOMAT David K.E. Bruce was neither as important in a policy sense, nor as interesting a man, as Henry Stimson, Dean Acheson, Averell Harriman, George Kennan, John J. McCloy or many other icons of the old Establishment. But he was certainly ubiquitous, a charming presence through many a Cold War crisis. So, as his biographer, Nelson D. Lankford could have made a useful contribution to the growing field of Establishment studies.

Unfortunately, Lankford has written a nice society biography that, like its hero, manages to take the reader through some of the most contentious history of our times with barely a bump. Even if you agree with the author's "triumphalist" perspective on the Cold War, this book is neither very compelling biography nor original history. This is a shame, because Lankford has toiled arduously and obviously admires his man. To be sure, part of what rankles me in his narrative is that what Lankford admires in David Bruce—his old-world, antebellum aristocratic style—strikes me as the least attractive aspect of the man's character. There is no quarreling with personal tastes. Lankford is enthralled

KAI BIRD, *author of* The Chairman: John J. McCloy, The Making of the American Establishment, *is writing a biography of William and McGeorge Bundy.*

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by Bruce's lifestyle—the Georgetown dinner parties, the wine cellar, the museum-quality art collection—all of which was made possible by inherited wealth and his first marriage to the daughter of a Mellon.

David Kirkpatrick Este Bruce was born in 1898. He grew up in Baltimore, but spent many of his summers at the family's Virginia horse-country mansion, Staunton Hill. Lankford relates that the natives of Charlotte County used to say that there were three kinds of folks in that part of Virginia—white folks, black folks and the Bruces. Young David grew up "imbibing the Old South mystique that the family's plantation evoked." Lankford provides numerous examples of the boy's "unpremeditated arrogance." At age 14, Bruce wrote home, "I will arrive Wednesday night, and I want the following preparations made for me. I want Mammy to bring all of my shooting clothes and a perfectly good pair of leggings to the house...I want you to prepare dinner...Please have all these things in readiness under pain of my great displeasure!...I am sorry to write such a sloppy letter, but my time is taken up with important business."

Private school was followed by college at Princeton where he partied with F. Scott Fitzgerald. He punched another Establishment ticket by spending the summers of 1915 and 1916 at the Plattsburg, N.Y. military 'preparedness' training camp where he played soldier with the likes of John J. McCloy, Hamilton Fish Jr., Elihu Root Jr. and Teddy Roosevelt's sons. When President Woodrow Wilson finally took the country into World War I, Bruce joined the army and was shipped to Europe. To his great disappointment, he arrived too late to experience the horrors of the Western Front.

After the war, Bruce wandered through Europe, and became enamored of upper-crust French society. Lankford writes that he "easily fit the definition of a frivolous reactionary in the eyes of the decade's earnest intellectuals, who were themselves besotted by the Soviet and Fascist experiments." (Lankford clearly thinks a "frivolous reactionary" compares favorably to those "earnest intellectuals.") Eventually Bruce returned to America, studied law, passed his bar exam, and in 1924 effortlessly got himself elected to the Maryland house of delegates. By this time, his father, a conservative Democrat, had become a U.S. senator. In 1926, he married the nation's richest woman, Ailsa Mellon, daughter of Treasury Secretary Andrew W. Mellon. This love marriage gave him access to one of the largest family fortunes in the world.

The marriage quickly soured; Ailsa didn't like sex and turned out to be a slightly batty hypochondriac. Over the next 18 years, Bruce took to discreet philandering and—ever the dilettante—spent a little time in the Foreign Service, and then occupied himself with his investments and advising Andrew Mellon about his art acquisitions. He came to love his father-in-law more than his wife, and when a tax scandal enveloped Mellon in the 1930s, Bruce blamed Franklin Roosevelt, that traitor to his class. Mellon had taken enormous tax deductions on paintings he had donated to a Mellon charitable trust—except the paintings remained hanging on Mellon's (and Bruce's) walls. "Long afterward," Lankford writes, "he could hardly speak FDR's name without anger."

Only World War II rescued him from boredom; he became an aide to 'Wild' Bill Donovan, chief of the Office of Strategic Services (OSS). Stationed in London, he fell in love with the ravishing Evangeline Bell and finally asked his wife for a divorce. After the war, by now in his late forties, he held a succession of diplomatic posts which kept him in Europe for nearly two decades.

Lankford writes uncritically of Bruce's diplomatic career, even though the list of Bruce's misjudgments and failures is not short.

Bruce embraced all the conventional wisdom about the early Cold War. In contrast to George Kennan, he inflated the Soviet military threat, misdiagnosed Soviet intentions and believed any steps towards German unification or neutrality would endanger European peace. Historians continue to argue these issues, but Lankford writes as if ignorant of the vast critical scholarship available today on the origins of the Cold War.

An exaggerated notion of the Soviet menace led Bruce to countenance extraordinary—and sometimes extra-legal—means to thwart it. Drawing on his OSS experience, Lankford quotes Bruce as favoring such covert actions as "subsidy of native papers" to counter Soviet propaganda. But Lankford makes no effort to say what happened on Bruce's watch. He fails to discuss, for instance, the well-documented CIA funds distributed in France and Italy to influence the elections of this period. And in a detailed discussion of Bruce's involvement in the Marshall Plan, he leaves the reader completely unaware of the tangled web of financial relationships between Frank Wisner's Office of Policy Coordination (an early free-wheeling covert arm of the CIA) and the Marshall Plan. Sallie Pisani's 1991 book, *The CIA and the Marshall Plan*, among other sources, reports that something like five percent of the Marshall Plan's local currency counter-part funds went to finance Wisner's army of European journalists, civil servants, politicians, and other agents of influence. Surely Bruce was in a position to know of this, but Lankford does not address the issue.

As Undersecretary of State during the height of the McCarthy period, Bruce expressed contempt for the senator's tactics—but sanctioned the State Department's loyalty board investigations which, of course, ruined the

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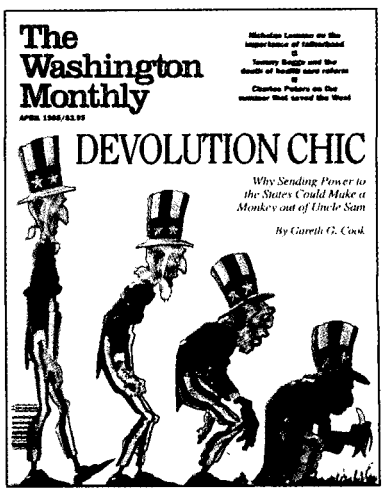

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careers of hundreds of individuals. Lankford acknowledges that Bruce "bore part of the burden, and the blame too, for the work of these tribunals."

As ambassador to West Germany in the late 1950s, Bruce displayed gross insensitivity on the issue of Nazi war crimes. After visiting Alfried Krupp, he remarked that his host was "about the last man one would casually think of as a war criminal." Convinced that Albert Speer was wrongly tried and convicted, Bruce went to Spandau prison, vigorously shook Speer's hand and said, "You aren't forgotten." Lankford writes of this incident with studied understatement that Bruce's "emphasis on style had its limitations."

Lankford's account of Bruce's role in the Berlin crisis of 1958-61 is drearily conventional and ignores a wealth of Soviet and East German archival material released in recent years. Accessible through the Woodrow Wilson Center, these documents suggest it was the East German leadership—and not Nikita Khrushchev—that provoked the crisis. The communist monolith, in other words, sometimes could not control the actions of its own quislings. Lankford, however, is so determined that Bruce's view of the German problem was correct that he suggests, that "the fears Bruce expressed about German reunification and neutrality may yet prove prescient."

Finally, Bruce was also wrong on Vietnam. In 1949, he urged Washington to extend military aid to the French in their colonial war against Ho Chi Minh. In an early articulation of the 'domino theory,' he cabled Washington that if France did not stop communism in Indochina, "Burma and Siam will fall like over-ripe apples." Later in the '60s, he had doubts about whether Vietnam was worth a U.S. commitment. But like many Establishment figures, he decided that once a commitment had been made, Washington had to stick it out. Ever the loyal apparatchik, Bruce agreed to work for the Nixon-Kissinger team as its Paris negotiator in 1970-71. His diplomacy was not only fruitless, but he lent his "gravitas" to an administration that needlessly prolonged the war. He never protested, and of course, he never went public with what Lankford calls his "conflicted feelings."

It was obviously not his intention, but Lankford's narrative will convince many readers that the Honorable David K.E. Bruce was a much over-rated figure. No doubt a gentleman, he hardly ever had an original thought in his head, and never, ever acted out of turn. No wonder the Establishment of the 1950s—when the premium on consensus was easily maintained—so liked this unflappable Virginian aristocrat that they gave him one plum job after another. ●

The New Specter

China is dangerous, but the authors' suggestions are even more so

by Charles William Maynes

THE COMING CONFLICT WITH CHINA
By Richard Bernstein and Ross Munro
Knopf, $22

MANY GOOD BOOKS GO unread because they say the right things at the wrong time. The Coming Conflict with China by Richard Bernstein and Ross H. Munro, two veteran foreign correspondents, will enjoy success, despite flaws, for two critical reasons. First, it brings controversy. Munro was fired as director of the Asia Program of the Foreign Policy Research Institute because he and Bernstein refused to drop from their text all references of the well-known and documented activities of two former Secretaries of State, Alexander Haig and Henry Kissinger, in promoting China's case before the Congress and the public. Second, the authors' timing is perfect. The book appears precisely at the optimum moment to capitalize on a rising tide of public hysteria about China.

The end of the Cold War, after all, left the United States with an enormous, diplomatic and military establishment with little to justify its existence. The old enemy was gone, so the search for a new enemy had to begin. It is increasingly clear that, for many displaced Cold Warriors, China is the prime candidate.

Efforts to depict Russia as a continuing menace

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carry decreasing credibility. Every day the evidence of Russian weakness accumulates. Indeed, to the serious student of international affairs, it is becoming clear that Russian weakness now poses a greater danger to the United States than Russian strength (if only because the world does not know what will happen if the world's second-most-powerful nuclear power descends into anarchy).

So concern about China is rapidly becoming the strategic issue of the hour. Here is a nation on the march, enjoying the highest sustained growth rates of any major power in history, comprising a quarter of the human race, spanning a continental-sized country, possessing nuclear weapons, and ruled by a communist elite. For frustrated Cold Warriors there could be no better candidate to replace the Soviet Union as American public enemy No. 1. In recent months it has been possible to detect a steady hardening of American opinion toward China both in press commentary and statements by prominent public figures.

Much of the concern about China is understandable. Among foreign policy professionals, there is a consensus that the current relationship is fragile. They are also aware that the record of the international system in accommodating rising powers has generally been terrible. One view of the history of post-1850 Europe is that of a series of failed attempts to accommodate the rise of Germany—with the result being three major wars, two of which were global. The history of Europe during the previous 200 years could be seen as a similarly bloody effort to accommodate the rise of France, first as a monarchical, then as a revolutionary power. Will we be as unsuccessful in dealing with the rise of China, whose emergence on the world scene has been even more sudden and spectacular than that of earlier powers seeking a place in the sun?

Another cause for concern among foreign policy observers is the stage in development through which China is now passing—the process of acquiring the ability to project military power over long distances. When other states have acquired this capability, they have posed serious problems for others. In the cases of Britain, France, Portugal, Spain, and the United States, their abilities to project military power abroad tempted them to conquer foreign countries and establish colonial empires. Germany and Japan, which arrived on the scene later, used their new military capability to make a bid for regional or even global hegemony. Will China fit this disturbing pattern?

Bernstein and Munro can't decide. On the one hand, they contend that China seeks "to dominate Asia" and that "a potential flashpoint exists for Sino-American conflict" in the decades ahead. They claim that Chinese leaders have set themselves the goal of replacing the United States "as the preeminent power in Asia..." and that as a result the United States faces in China a challenge to its "global supremacy."

It all seems terribly ominous, but then we read that the authors believe that "the chances of an actual military conflict" are small and that China does "not seek to use military force to occupy the territory of neighboring countries or to attack the United States." Moreover, because the communist ideology is dead in China among all except perhaps a few at the very top, there is no ideological challenge from China either. China, then, is "not replacing the Soviet Union as a threat to the United States."

If so, what is the problem? It turns out that the threat is that China may be successful. It may continue to grow and replace us as the world's largest economy. It may acquire significant military power though it will always be far less than our own. It may demand a voice in the conduct of Asia policy though we will still have a major voice. It may act like a "rogue state" though it is not clear what that entails. It almost certainly will insist that Taiwan not become an independent state though current U.S. policy also opposes that.

To cope with the problem as they confusingly define it—namely, that the U.S. will no longer be able to call all the shots in Asia—Bernstein and Munro advance a number of controversial proposals. They would institute a form of managed trade with China, telling Beijing that unless the ratio between American exports to China and Chinese exports to the United States meets some pre-announced target—they suggest 65 percent, although why is not clear—the United States will impose trade sanctions. They call on Congress to suspend MFN for China, giving the administration the right to raise tariffs on Chinese goods whenever the pre-announced ratio is not met.

They oppose Chinese membership in the World Trade Organization because it would "prohibit" the United States from taking any meaningful action in its trade disputes with China.

They want the United States to lead the world denunciations of China for human rights abuses in such bodies as the United Nations Commission on Human Rights and UNESCO (though they do not seem aware that the United States has left the latter organization).

The United States must also "prevent" China from developing its nuclear arsenal (although we are not told how). Otherwise, the authors fear that China

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may not take our efforts to defend Taiwan seriously.

Finally and most controversially, Bernstein and Munro wish to arm Japan: "The United States cannot block Chinese hegemony in Asia unless Japan is an equal and willing partner is the process."

Obviously, unusually skillful diplomacy will be required to carry out this program because as the authors themselves admit at the end of their book, "It is not in the American interest to be an enemy of China." The problem, of course, is that China would almost certainly become our enemy if Washington were ever to adopt the program that the authors advance. Beijing would correctly see such a policy, particularly one that rearmed Japan, as one that endangered Chinese security and development.

How then should the United States cope with China's new importance? We could start by determining what is within our power and what is not and by establishing what is vital to our interests and what is not. It is not possible for the United States at any reasonable cost to prevent China from being the dominant power in Northeast Asia and Southeast Asia if it continues on its current growth trajectory. The country simply has too many people who will be too rich and too well-placed geographically for us to prevent that. Similarly, it is not possible for the United States, at any reasonable cost, to prevent Germany from being the dominant power in Eastern Europe or Russia, if it restores its economic health, from being the dominant power in the former Soviet Union. It is possible for the United States to set limits to the exercise of that dominance through skillful diplomacy and strategic partnerships.

Similarly, it is not possible to prevent China from developing its own nuclear arsenal. As long as the United States continues to place such a disproportionate weight on nuclear weapons and even retains a first-use doctrine, every other major power gets the message. It may be possible through a strategic dialogue to set some limits to the Chinese military buildup.

It is not possible to arm Japan and expect that state to follow supinely the American lead, as it has since World War II. Once it is armed, it will begin to adopt a much more independent foreign policy. Nor is it possible to contain the damage to relations with China. Indeed, if Japan is armed, China is likely to move closer to Russia, a diplomatic option the authors point out Chinese strategists are already considering as they contemplate growing U.S. hostility.

It is not possible to keep a country as important as China out of the World Trade Organization indefinitely simply on the grounds that membership will tie our hands. We can set reasonable conditions for membership but if Chinese membership in the WTO is that threatening to our interests, we probably made a mistake in creating the WTO in the first place.

Finally, it is not possible to maintain a friendly relationship with China if Washington becomes the champion of Taiwanese independence. Even a democratic government in Beijing would push for reunificaiton.

What then could the U.S. do? It could alert Beijing to certain realities: First, China's growing power is creating anxiety in Asia; if an arms race is to be avoided, a strategic dialogue with key states in the area must open. We do not support the rearmament of Japan but such a reaction from Tokyo will become inevitable unless a strategic dialogue involving the key states in the region and China is established. Second, the United States as the world's foremost naval power has a strong vested interest in freedom of the seas and regards the free passage of traffic through the ocean passages contested by China and some of its neighbors a vital national interest. An effort to close those passages would be a *casus belli* for the United States. Third, the Unites States is de-emphasizing the role of nuclear weapons in its military planning and wishes to enter into the kind of strategic dialogue with China on this issue that it has had with its nuclear allies and with Russia. Fourth, the United States understands that compared to the days of the Cultural Revolution, China has made tremendous progress in providing its citizens with a greater measure of freedom and dignity and that the United States has no desire to target China in this area. It will hold China to the same standard that it holds allies of the United States such as Turkey or Egypt or Saudi Arabia but no higher because to do otherwise would be to identify China as an unfriendly state. (Such a stance might increase our efforts to promote human rights among some or our more retrograde allies while reducing the level of demagoguery in American comments about human rights in China). Finally, the United States supports reunification of Taiwan with the mainland under conditions that preserve the freedoms of the Taiwanese people. That is formally China's position.

In other words, the course we should follow is precisely the opposite of that urged in this book. Nevertheless, the effort the authors have made will be useful if it helps to call attention to what is potentially the most explosive bilateral relationship in the world today. It will prove very destructive if it simply contributes to the growing national hysteria about China and helps bring on a second Cold War. ●

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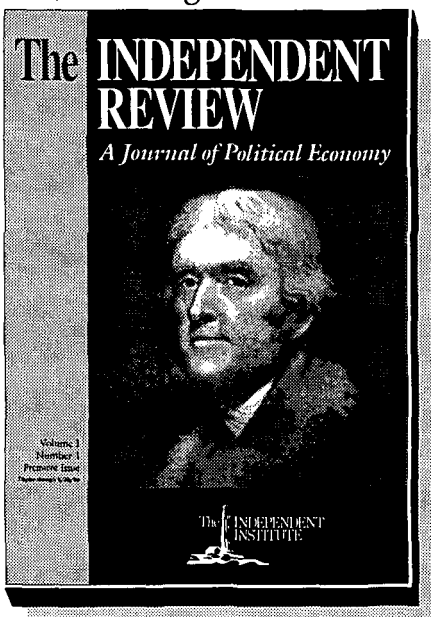

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Political Booknotes

Great Expectations

By Alasdair Roberts

IN 1992, DAVID OSBORNE AND TED Gaebler wrote a book called *Reinventing Government*, which pushed the usually-dull subject of bureaucratic reform high on the popular agenda. Politicians took an active interest in making government leaner, more innovative, and customer-friendly. Osborne's new book, co-authored with Peter Plastrik, develops similar themes. It argues that governments should abandon non-essential functions, and find non-bureaucratic ways of fulfilling the remaining functions. The authors draw heavily on the experience of the United Kingdom and New Zealand, which have aggressively applied the principles of reinvention.

BANISHING BUREAUCRACY: The Five Strategies for Reinventing Government
by David Osborne and Peter Plastrik
Addison-Wesley, $25

It's tough to criticize any book that aims at improving the way government works. No one can deny that government needs to be made more flexible and service-oriented. There are, however, three serious weaknesses with *Banishing Bureaucracy* that must be addressed if the reinvention movement is to survive in the long run.

The first problem is overselling what reinvention can actually accomplish. Osborne and Plastrik make dramatic claims about the capacity of reinvention to make government "work better and cost less." Unfortunately, there isn't always solid evidence to support those claims. Too often, the authors rely on what elected officials say their policies have accomplished. Those officials have an obvious incentive to put their reforms in the best possible light.

For example, Osborne and Plastrik endorse a British reform called the Competing for Quality Initiative (CQI), which dramatically expanded contracting out. They repeat the government's assertion that CQI reduced the cost of some activities by 21 percent. However, an internal evaluation concluded that the government's claim was misleading, because it excluded the cost of administering the contracting-out program. *The Economist* reported last June that the actual savings may only be a third of what the government said.

The authors also say that reinvention has allowed the British government to reduce its civil service by one-third since 1979 "with few layoffs." However, most of this reduction came from privatization of government-owned industries, rather than downsizing of government departments. It also doesn't account for the thousands of layoffs made by the new owners of those industries. Furthermore, the government's statistics don't include part-time employees—who have tripled in number since 1979.

The authors also make overstated claims about the impact of Britain's "Next Steps Initiative" (NSI), under which most of the British civil service has been transformed into a set of special quasi-independent service agencies. They say these new agencies have reduced their budgets substantially without eroding service quality. In 1994-95, for example, the agencies are said to have decreased operating costs by about five percent. Again, the authors rely on an exaggerated statistic: in fact, a 1996 report shows that agency spending has generally increased over time. In 1994-95, total agency spending actually grew by about 4 percent.

Why should we care whether Osborne and Plastrik get these facts right? Because reform debates in the U.S. can be influenced by our understanding of what has worked elsewhere. Osborne recently argued that the Clinton administration should adopt a version of the Next Steps Initiative, under which most of the bureaucracy would be turned into a series of relatively independent "performance-based organizations." (The administration is working on a similar, smaller-scale proposal.) Osborne said his proposal would save $24 billion by 2004—enough to pay for a battery of new education and training programs. Osborne based this estimate on his understanding of what the British had accomplished.

A second difficulty with *Banishing Bureaucracy* is its unrelenting emphasis on efficiency. Of course, it's important to root out government waste and find cheaper ways of doing business. But there are often contending values at stake, and elected officials may reasonably decide that a little inefficiency has to be tolerated for a larger good.

For example, Osborne and Plastrik chastise former Canadian Prime Minister Brian Mulroney for his indifference to reinvention, and his willingness to cave in to "special interests" who opposed privatization and contracting-out. Is this fair, given that Mulroney was struggling to manage a constitutional crisis that threatened to break up the country, and that privatization might have alienated allies in the constitutional struggle? Maybe another key value—keeping the country together—had to trump operational efficiency, at least in the short term.

Here's another illustration. Many rules that govern the use of human resources in government are adopted to ensure fair treatment of workers and to provide equal opportunities for certain kinds of workers. Will proposals to eliminate "red tape" within government agencies, or to expand contracting-out, jeopardize these goals? Osborne and Plastrik never really address the question. Government agencies, they say, do not exist to serve their employees. This is true, of course. But government agencies may have an obligation to treat workers fairly and equitably. Will this obligation be jeopardized by aggressive reinvention?

A third problem with the book is the authors' distaste for everyday politics. Politics, the authors imply, mess-

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es up good government. It subverts "rational analysis," and allows narrow interests to undermine the public interest. Much of *Banishing Bureaucracy* aims at finding ways of getting politics out of government.

One way to do this is to remove much of the operations of government from day-to-day control of elected officials. This is one of the main reasons why Osborne and Plastrik are advocates of Britain's Next Steps Initiative, and similar reforms undertaken in New Zealand. In both countries, large parts of the bureaucracy have been set up as agencies that work at arm's-length from elected officials. Each agency negotiates an annual agreement that specifies exactly what it will produce. Otherwise, elected officials are supposed to leave the agencies alone.

There are two difficulties with reforms such as these. The first is that they may erode popular control over the bureaucracy. The British reform is not, as the authors suggest, "widely viewed as a resounding success." Many observers complain that it has eroded legislative control over agencies. The complaint may be exaggerated, but it deserves to be taken seriously.

Another difficulty is that reforms aimed at setting up arm's-length relationships don't work as flawlessly as Osborne and Plastrik suggest. The process of negotiating annual agreements is time-consuming. It has proved difficult to craft agreements that cover all the dimensions of behavior that elected officials care about. Elected officials and agencies also resist demands to make performance data public. Major's government, for example, delayed releasing performance data for 1996, because of concern among ministers about a proposal to publicly identify low-performing agencies.

Another way to minimize the influence of politics is to bulldoze through it. Osborne and Plastrik call on elected officials to have the "courage" to deal firmly with opponents of reinvention. Again, they use Britain's Conservative government, and New Zealand's Labour government as models. Both parties implemented radical reforms despite "howls of protest" against them.

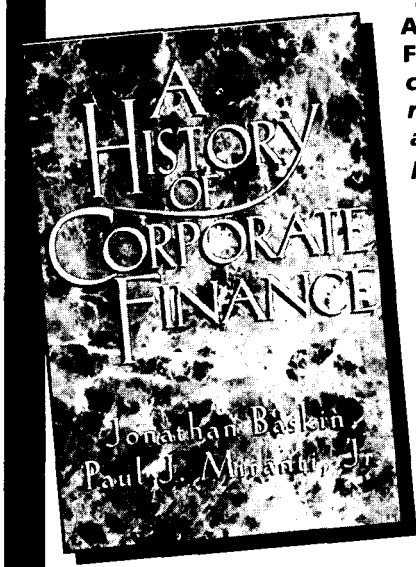
It's a mistake to hold up these two governments as models for American politicians. One of the unfortunate features of parliamentary systems like those in Britain and New Zealand is that prime ministers can win strong legislative majorities without having the support of a majority of voters. In fact, the governments praised in this book fought six general elections, and never won an electoral majority in any of them. These governments weren't just fighting "special interests": they were fighting much of the voting public. New Zealanders got so frustrated that they overhauled their electoral system in 1993.

The basic message of *Banishing Bureaucracy* is a sound one. No one can deny that governments need to focus more on essential functions, put more emphasis on results, and look for innovative ways of getting work done. But over-simplifying the argument for reform—overstating benefits, minimizing problems, and overlooking tradeoffs—creates fertile ground for skepticism and disillusionment. If the reinvention movement is to thrive, we need a more candid appraisal of its potential and its limitations.

ALASDAIR ROBERTS *is a visiting associate professor at the University of Southern California Washington Center.*

A History of Corporate Finance

***Jonathan Baskin** and*
Paul J. Miranti, Jr.



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Back in the USSR

by Martin Walker

SOMEBODY OUGHT TO TELL Cleveland's Rock n' Roll Hall of Fame about the role of pop music in orchestrating the end of the cold war. Without it, the Kremlin would have gone without its two top-level interpreters. Pavel Palazchenko, familiar from TV as the bald one with the mustache, fell in love with the English language through the Beatles in the 1960s. Native English speakers could always pick up a hint of Merseyside in his translations.

Igor Korchilov, slightly older, was working as a cinema projectionist in 1959 when a Georgian folk singer brought back from a foreign tour an Elvis Presley record. The cinema became a dance hall on Saturday nights, and Korchilov was the DJ. Into the usual mix of waltzes and polkas he dropped "Blue Suede Shoes" and "Jailhouse Rock." The crowd went wild, Korchilov was threatened with the sack, decided to teach himself English, and within the year had won admission to Moscow's prestigious Foreign Languages Institute.

TRANSLATING HISTORY
by Igor Korchilov
Simon & Schuster, $27.50

MY YEARS WITH GORBACHEV
by Pavel Palazchenko
Penn State University Press, $35

Their books, as well as their careers, suggest that the difference between being a Beatles and an Elvis fan is not just a matter of timing. The Elvis-loving Korchilov is a meat-and-potatoes guy, hard-working, and conscientious. You can count on his book for the guest lists and the menus, the clothes people wore and some delicious nuggets about the way the powerful act in private. He offers Mikhail and Raisa Gorbachev holding hands in the back seat of limousines, Gorby scaring the daylights out of George Bush in a wild golf cart ride at Camp David, and the final Bush-Gorby haggle in a cramped elevator in which Gorby secured most-favored-nation trade status for Russia.

But from the more intellectually adventurous and far more intriguing Beatles fan, we get some extraordinary insights and real food for thought in what should become an essential source for future historians. Palazchenko delivers a discreet but powerful analysis of the West's historic failure of imagination and political courage in grasping the opportunity Gorbachev embodied.

It can be debated whether the West's real interest lay in modernizing and democratizing a shrunken Soviet Union, shorn of its Baltic states, or in seeing the old enemy suffer the kind of political gangrene which has left us with the semi-failed state of today's Russia. But there is much that is compelling in Palazchenko's devastatingly judicious critique of the Bush administration, whose policies helped push Mikhail Gorbachev out of office while keeping Saddam Hussein in power. A pity, therefore, that Palazchenko bases so much of his argument on that moment when Gorbachev offered the Grand Bargain of structural economic reform in return for a modern version of the Marshall Plan to help the Soviet Union survive the process.

In addition to Bush, Palazchenko blames Britain's John Major and Japan's Kaifu for the wet blankets they threw over Gorbachev's hopes of a Grand Bargain at the London G-7 summit. Grigory Yavlinski, the Russian economist who had been working on the details of such a Grand Bargain at Harvard, also gets some of the blame, for warning the western governments that Gorbachev's economic reforms were half-measures. In fact, Yavlinski had been part of a pre-summit Soviet delegation to the White House with Yevgeny Primakov (now Yeltsin's foreign minister), at which Bush and his NSC advisor (the late Ed Hewett) had warned the Russians that no Marshall Plan was in prospect.

Palazchenko was not there to interpret, so that crucial prior warning seems never to have crossed his radar screen. Nor, it seems, had its full tenor been passed on to Gorbachev, who was humiliated in London when the Japanese prime minister coldly dismissed as inadequate Gorbachev's promise of freeing 70 percent of Soviet prices by the end of the year. It was the West as a whole which refused to rally to Gorbachev's last appeal, and that palpable failure of Gorbachev's fabled marketing skills led directly to the Moscow coup later in the summer.

Palazchenko concludes, "I feel now, as I did then, that in the late 1980s the West and the Soviet Union had a unique opportunity to build new international relations and to ensure a relatively manageable transition from a bi-polar world based on superpower confrontation to a multipolar world of the future. To succeed, the East and West needed to cooperate not only on arms control and regional issues, but also in helping the Soviet Union modernize its political and economic systems."

Whether or not he is right is now immaterial. What is important, from this figure who traveled and conferred with Gorbachev and Shevardnadze, is further evidence that this almost utopian sensibility had gripped the Kremlin, as if all of them were singing along to Palazchenko's constant humming of the John Lennon song "Imagine." But Marlin Fitzwater was sneering at Gorby as "a drugstore cowboy" and Bush was dawdling over exhaustive policy reviews that always warned the Soviets might not mean it. Bush drove a series of hard bargains, and as a result, Palazchenko says: "At some point in 1991 the perception of 'Gorbachev making all the concessions' became a negative factor for him domestically."

Bush did not even try to second-guess his own Sovietologists, whom Palazchenko, with some justice, condemns as "tending to be instinctively anti-Soviet and some even anti-Russian. Many had been trained by Russian émigré scholars, and it showed. ...When the changes in the Soviet Union began, most Sovietologists were not ready. First, they underestimated their extent and genuineness, then they oversimplified the situation and, like our radicals,

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often ignored the country's complexity and the resilience of the old ways."

Most memoirs by officials give blinkered accounts of the bits of history they were privileged to see.. This dewy-eyed account of the deeper failure of the Bush-Gorbachev years passes lightly over the disasters in Nagorno-Karabakh and the Baltics which contributed to Bush's skepticism. An interpreter like Palazchenko naturally stresses the moments he witnessed—those involving English speakers like Rajiv Gandhi, Margaret Thatcher, and John Major. This gives a curiously old-fashioned flavor to a book which treats Britain as a major power, rather than as a tangential player it was in the cold war's end game.

"By the time Gorbachev had decided he was prepared to accept all the consequences of democratic reforms that were beginning to shake up the country, of all the Western leaders, it seemed then that only Margaret Thatcher fully believed him," Palazchenko notes of their meeting in April, 1989. Again, this was a failure of the incoming Bush administration, which spent much of its first year on an agonizing policy review about dealing with Gorbachev. By the time that the review process was complete, providing the usual lowest-common-denominator boilerplate that bureaucracies tend to concoct, the collapsing Berlin Wall was changing everything.

Palazchenko's book frequently drifts into an essay of might-have-beens. Had Gorbachev stayed in power, he suggests, the Soviet Union could have survived as a loose confederation undergoing a more orderly economic reform, and avoiding the wars of the Soviet succession which have ravaged Georgia, Armenia, Tadjikistan, Moldova, and Yugoslavia.

"Clearly, the impulse behind Yeltsin's decisions on Yugoslavia was, at least in part, the desire to act unlike Gorbachev—more decisively, accentuated by a rather sympathetic attitude toward separatism. As I watched the unraveling of Yugoslavia, I had to admit that all major powers, including the United States, Germany and Russia, acted not so much for the sake of peace but more in order to test their strength in a new regional balance of forces and to advance their perceived interests.

One of Palazchenko's favorite Beatles' songs was "Girl," and much of this book seems to have been written with those lines at the back of his mind: "Is there anybody wants to listen to my story / All about the girl that went away?"

It was, of course, the world that went away, that old cold war way of doing things which ended with such decency and minimal bloodshed as Gorbachev and Shevardnadze defanged the beast. Palazchenko evidently finds it hard to forgive Yeltsin for slavering over the remains. How often in Gorbachev's circle they must retell the dreadful tale of the last general-secretary going into his Kremlin office for the last, dignified day, to find a drunken Yeltsin and his cronies emptying a bottle of scotch at the scene of their triumph. Palazchenko at least has the consolation of his favorite music: "You may say I'm a dreamer, but I'm not the only one."

MARTIN WALKER *is U.S. bureau chief for Britain's* The Guardian.

What it Means to be a Libertarian
by Charles Murray
Broadway Books, $20

We admired Murray's first book, *Losing Ground*, although we disagreed with some of its implications. The disagreement deepened and the admiration disappeared with the case for black inferiority that Murray and his co-author, Richard J. Herrnstein, made in *The Bell Curve*. The kindest thing that can be said for Murray's latest effort, *What it Means to be a Libertarian*, is that it is not as offensive as was *The Bell Curve*. Unfortunately, it is equally unpersuasive. Like most libertarians, Murray's never met a fact he couldn't ignore. Libertarians love sweeping generalizations that too often founder on the rocks of reality. Thus, Murray says he favors abolishing the Department of Commerce and replacing none of its

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activities except "restrictions on the export of military technology." What about the weather service? Does Murray even know it's in Commerce? He also says he would abolish the Department of Transportation except for the function of "maintenance of the interstate highway system." Does he not know the Coast Guard is part of the Transportation Department?

He would place no restrictions on the number of hours employees can be required to work. He would also abolish Social Security, Medicaid, and Medicare. Would even a trace of these programs remain? Here's what he says: "Remaining elements: None. Replacement: None."

Flashback

By Suzannah Lessard

THIS BOOK CONTAINS A NUMBER of somewhat disparate but stimulating insights into the '60s. It also reveals, unintentionally, the fickleness of the current political *zeitgeist*, for the context in which the '60s are reassessed here is clearly that of the recent rise of the right. But though the essays by a variety of authors on both the left and right appear to have been written as recently as possible given publishing schedules, they are already out of sync with the times in subtle ways. Harvey Mansfield, Burke scholar and neo-conservative guru, ordinarily writes in a sober style. But here the cresting of the right beneath him has intoxicated him. He sets out to level *all* the tenets of liberal and radical reform with the grandiose glibness of one who knows his opponents are in a desperately weakened state. Giddy with ascendancy, he fails to censor a regrettable penchant, hitherto undetected, for bizarre little Buckley-esque affections—conveying that, with the wind at his back, he knows he can get away with anything. But the wind isn't at his back any more, at least not in the way it was, and his giddiness consequently appears to be just that. In contrast, Martha Nussbaum, erstwhile student of Mansfield, now on the faculty of the University of Chicago Law school, builds a case for sixties feminism with a care so extreme, arguing for the liberal essence of the movement so thoroughly, that by the end we also have a strong sense of the big bad wolf—Mansfield, perhaps—that she expects is going to come and try to blow her house down. But that big bad wolf isn't around anymore, at least not in the triumphant, untrammeled form that her defensiveness projects. Times have changed, we see, reading these essays. It's a pleasant effect. We may not be in a golden era of social idealism, but the time when belief in liberal values was as blood to sharks has passed.

REASSESSING THE SIXTIES: Debating the Political and Cultural Legacy
by Stephen Macedo
WW Norton & Co., $25

Otherwise, this collection of essays pro and con the left-wing movement of the '60s is disparate, and, generally of an academic bent that does not make for easy reading. The declared ambition to make connections between the two points of view is not fulfilled.. Only Todd Gitlin's final essay works assiduously to find relationships. Tthe gist of his attempt is to find general connections between the '60s left and present right such as the similarity of right-wing fear and loathing of Clinton to the left-wing feelings about Johnson, or the way "the self-righteousness of feminists is surely not greater than the self-righteousness of anti-feminists." Gitlin does good work in teasing apart the contradictory ideals of personal freedom and social justice that makes the "movement" confusing even in retrospect. He identifies suspicion of state power as one of the legacies of that time. And he wishes that the movement had not been driven to extreme alienation by the escalation of war: had it not been, he speculates, it could have matured slowly into a form that would have ultimately aided the liberal imperative rather than undermining it, helping to create a "soft landing into a Newer Deal."

Sheldon Wolin gives us a difficult but stimulating essay on "The Destructive Sixties and Post Modern Conservativism." He identifies the great flaw in the movement: the rejection of technological progress, the kind of progress that creates the expansive economic environment in which the reforms espoused in the '60s can be implemented. He also writes about the ways in which a market economy automatically destroys, pointing up the great contradiction in present-day conservativism.

Most of the right-wing contributions here strike me as predictable screeds on how the '60s were bad. As George Will points out, "Politically the decade invigorated the right, not the left" but the triumphant conservatives "seem aggrieved because politics seems peripheral to, and largely impotent against, cultural forces and institutions permeated with what conservatives consider the '60s sensibilities." In his regrettably short foreword, Will identifies a sense of limitlessness as characteristic of both the '60s establishment and its challengers: the idea that "The United States could fight a war, and engage in 'nation building' in the nation where the war was being fought, and build a Great Society at home, simultaneously" while the counterculture sought to confront, transcend, and abolish all social restrictions. Will is the most interesting writer on the right in this collection because he is able to acknowledge the positive aspects of the other side. "By acts of bravery and skill and perseverance, acts that have not lost their power to take one's breath away, the legal edifice of racial injustice was dismantled. Whatever one thinks of the other consequences of the decade, the decade is redeemed by what was done in bus terminals, at lunch counters, in voter registration drives on ramshackle porches along dangerous back roads..."

SUZANNAH LESSARD *is a contributing editor of* The Washington Monthly.

Reinventing Public Education
by Paul T. Hill, Lawrence C. Pierce, and Vance W. Cuthrie
Chicago, $16

This examination of the case for con-

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tracting out the operation of public schools is impressive in every way but one: It does not look at the evidence of what has happened to the quality of education in the many schools that are now being run under contract. The closest the authors get to a case study—and for it they rely on a chapter by Jeremy Resnick—is a case study of the Turner School in Wilkensburg, Pa. The examination follows the school right up to the opening of its doors but stops there—even though the school has been open for almost two years.

Contracting out offers a tantalizing escape for schools burdened with too many inept administrators and teachers to present any realistic hope for improvement from within. And there is now enough evidence from schools run by outfits such as the Nashville Alternative public schools—and by other organizations in places as diverse as Chelsea, Mass., and Pasadena, Tex.—for an intelligent reporter reasonably sophisticated about education to write a truly important work about the experience to date, a book with enough life to give flesh to the statistics on performance that are emerging and to let us know whether contracting out really is more than just a promising idea.

The Holy Grail

by Lewis Wolfson

WHAT AN EPIC: READ IT AND weep, Leo Tolstoy. Millions of lives and billions of dollars in the balance. The nation's leaders eyeball to eyeball. The entire government held hostage.

The debate over balancing the budget has made an election look like a walk in the park. Year after year, our leaders fight over what combination of cuts in spending on government programs, and taxes to pay for those programs, can keep the country from falling deeper into debt. And while eight deficit-cutting plans over 15 years have helped, the unhappy fact is that the first 15 cents of every federal budget dollar goes to interest on the national debt.

MIRAGE: Why neither Democrats nor Republicans can Balance the Budget, End the Deficit and Satisfy the Public
by George Hager and Eric Pianin
Times Books, $25

This year the drive to pass a constitutional amendment to balance the budget failed again, even as Cassandras warn that if this madness of deficit spending continues, our children and grandchildren will be selling matches, or maybe used computers, on street corners. But change is in the air. The Republican ideologues' budget alarms got our attention. Unfortunately, their hubris in shutting down the government frightened us. This has made the voter a more formidable player in budget talks. The feeling grows that despite the pessimism and continuing jockeying, a plan for balancing the budget will be set this year.

So, what's the big deal anyway? Why can't our leaders poke under the hood, as Ross Perot has said, and fix this budget business? Because, as authors George Hager and Eric Pianin put it, this isn't just a matter of tinkering with numbers. It is but a confrontation which has been transformed by Republican ideologues into "a grueling battle to the political death" over national goals and the role government should play in our lives.

And we the people egg on the combatants. We want it both ways–cut the budget, eliminate the deficits, but don't lay a hand on my job or benefit checks or favorite government services. We also back the special interests, making it harder to have a debate based on good sense and compromise.

In *Mirage*, Hager and Pianin, reporters for *Congressional Quarterly* and *The Washington Post* respectively, dramatize how this combination of ideological zeal and the voters' mixed message has shaped the last three presidents' varying approaches to mounting deficits.

Ronald Reagan did a full pirouette. Before he became president he had made balancing the budget the Holy Grail of politics. But once in the White House, Reagan did

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not have "the stomach" for deep cuts in federal programs. He also said that he would not balance the budget "on the backs of the American people" by raising taxes, and then did it "over and over again"—signing "the largest tax increase in modern U.S. history." Yet, as the authors note, he also left us with some of "the largest [budget] deficits in peacetime history."

Hager and Pianin feel that Reagan made balancing the budget impossible. "By continually reassuring voters that there were easy fixes [for the budget], he cheapened the discourse and undermined support for politicians—his own budget director among them—who knew how painful the real cuts had to be and desperately needed public support to get them enacted."

George "No New Taxes" Bush was finally forced to raise them in his 1990 budget.. The authors call this "the biggest and best such package since the deficit went out of control in the mid 1970s." But Bush virtually disowned it, groveling to GOP conservatives who never forgave him.

Bill Clinton came out smelling like a rose after a near humiliation in his 1993 tax and spending fight. The package worked and, with a boost from the economy, the deficit fell for the next three years.

But then came the grand-daddy of all budget confrontations.

The GOP hard-liners forced everyone to face the cost of entitlements and proposed an enormous cut in projected spending on Medicare—270 billion dollars over seven years. They tried to bluff Clinton by sending him a continuing resolution to keep government operating that included a higher Medicare premium. Clinton refused to sign it, and the government was shut down.

What the zealots did not understand is that Americans are nervous about leaders who get too far out in front of them—especially a bunch of green GOP legislators. They scared the daylights out of many of us. With one fateful move, the House Republicans had lost a lot of the public's confidence in them.

Hager and Pianin's portrait has enough inside stuff to keep political junkies happy. Take Bob Dole's wisecracks during the Bush budget talks. As Treasury Secretary Nicholas Brady, Budget Director Dick Darman, and abrasive Chief of Staff John Sununu would enter the room, Dole would mutter under his breath, "Here come Nick, Dick—and Prick."

Mirage shows that throughout history we have endowed a balanced budget with near spiritual significance. It symbolizes "national harmony, Calvinist thrift, and the avoidance of corruption."

But virtue is not necessarily its own reward. Indeed, the authors could have underscored even more strongly the fact that balancing the budget does not necessarily lead to a smooth-running economy. Conversely, we have had numerous years in the last two decades when the deficit was high, but the economy kept humming along.

The authors also could have been bolder in exploring ways to ease tensions over Medicare and Social Security rather than just carrying the torch for the baby boomers. They picture the boomers as saddled with the burden of supporting programs that the authors feel have "calcified into the most unshakable features of the American social compact."

But does budget-balancing have to be high noon between boomers and the AARP battalions? As the health insurance debate heats up again, the medicine might go down more easily by fitting Medicare into a national health plan.

And the boomers should not take for granted what Medicare and Social Security have done to ease caring for aging mothers and fathers—without breaking the bank at home.

Mirage's message to Perot and pals is that balancing the budget is not just a simplistic accounting problem the political cowards and lunkheads in Washington refuse to face.

We the voters are also responsible. We need to wrestle with entitlements and recognize that sacrifice is also part of our system of government.

Mirage is also a story about Washington's incestuousness. We in Washington say that most Americans take the political brawls and overblown rhetoric with a grain of salt. 'Everyone knows it's just a game.' And the press often takes a 'Haven't-we-been-here-before' tone when it could help cut through the rhetoric with truth boxes similar to those used to analyze the claims in political ads.

The fact is, America does watch the debate, and that makes the politicians squirm.

Mirage is one more study of how Washington really works. While there may be more detail than you want for bedside reading, sound reporting and lucid writing keep it readable. Deep down we know that what we don't know about the budget deficit could hurt us and our children. Washington knows it too. This time, give the politicians and the press credit for dragging themselves, and us, toward a solution.

LEWIS WOLFSON *is a professor of communication at American University, and director of the Dialogue with the Press Program.*

Setting a Limit on Markets

By David Reich

BEWARE THOSE MARKET loving politicians, with their hands-off approach to economic policy!

According to Robert Kuttner, this approach—dear to Gingrich conservatives and some Clintonites—can actually lead to the wasting of economic resources. And while Kuttner probably goes further in his rejection of laissez-faire capitalism than can be justified by his evidence, he makes an important contribution in his new book by discrediting the rhetoric of the laissez-faire policy makers.

EVERYTHING FOR SALE: The Virtues and Limits of Markets
by Robert Kuttner
Alfred A. Knopf, $27.50

Advocates of this approach maintain that in a free market, companies that can use resources to generate the highest profit will offer the highest prices for them. So investment, labor, and raw materials will be direct-

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ed to the sectors in which they can be best and most profitably used. The resulting efficiency will be reflected in lower prices.

But Kuttner demonstrates that national wealth can actually be damaged by unrestrained capitalism. And he backs up his claim with hard-headed economic arguments. Readers inclined to dismiss "soft" liberal complaints that free markets lead to inequality of wealth or individualistic consumerism will have a hard time brushing Kuttner off. In case after case, Kuttner shows how naive support of a free-market orthodoxy that does not consider the imperfect conditions in which deregulation is applied or the subtle ways it can fail, has lead to distortions in markets such as health care, labor, electric power, telephone service, and even finance—with huge losses in economic and social welfare.

Take the case of health care. Kuttner explains how the inherent flaw in this particular market is the consensus—among conservatives and liberals alike—that everyone should have access to medical treatment during an emergency. Since someone (in many cases the hospital) will always foot the bill, there are few incentives for doctors, hospitals, and insurance providers to compete on the basis of price. Most profits come not from increasing efficiency and weighing costs against benefits, but from offering expensive services. The free-marketeer's solution to these cost over-runs is Health Maintenance Organizations (HMOs)—which currently serve over 55 million Americans. HMOs cut costs by dismissing doctors who tend to offer expensive treatment, and by restricting patient access to expensive care except when absolutely necessary. To this extent, HMOs support the claim that giving markets free rein maximizes efficiency for society as a whole. But, Kuttner goes on to describe how HMOs also devote a great deal of effort to promoting strategies that have little social benefit—such as shedding the least profitable patients from their insurance rolls. This may be good for an individual HMO; but since the imperfections of the market mean that someone else must pick up the tab for those patients who've been ditched, there is no net gain for society as a whole. Therefore, instead of allowing HMOs to waste resources on risk assessments and marketing (at least a 15 percent overhead, according to Kuttner), the government should concentrate on keeping costs down within a legislated framework of universal health insurance.

So just what sort of regulation does Kuttner approve of? He advocates subsidies for key industries, reminiscent of the aggressive trade policies of his colleague and co-founder of *The American Prospect*, former Labor Secretary Robert Reich. He also calls for regulation that is responsive and specific to a particular industry's needs and that makes the market work more smoothly and conform to social goals. By and large, this regulation can rely on market mechanisms—for example Kuttner approves of the markets that have been created in the Midwest which allow companies to trade vouchers for the right to pollute. On occasion, however, Kuttner believes regulation should also be driven by forces beyond those of the market, as in the case of health care. How can such regulation be prevented from damaging the economy? Kuttner advocates a process of "iterative" regulation, in which regulatory policies are evaluated and re-evaluated until they're made effective—a process that would rely on high-minded public servants who carry out their work within designated parameters and according to a generally good regulatory ethic. This iterative regulation, of course, would require oversight and political control to root out bad regulatory agencies that have become over-friendly with the very industries they are supposed to regulate.

As an example of successful iterative regulation, Kuttner points to the way Assistant Attorney General Anne Bingaman handled the anti-trust case against Microsoft in 1995. According to Kuttner, the government "walked a careful tightrope between discouraging Microsoft from using its market power to savage smaller rivals and resisting moves that might undercut Microsoft's own earned market leadership."

The Microsoft case, and others like it, inspire some confidence in the officials who are responsible for the regulatory machinery. However, some of the regulations Kuttner proposes can have unintended, negative consequences. For instance, Kuttner argues that it would have been good to moderate the leveraged-buyout craze of the later 1980s because several companies were damaged by predatory practices. But there are now many mainstream economists who see the craze as having had a good effect on the economy, forcing the management teams of other companies to stay on their toes for fear that they, too, would be bought out. Thus, leveraged buyouts contributed to the efficiency- and productivity-oriented business environment of the 1990s, a benefit which more than outweighed the negative effects to particular companies. This points to an important lesson that Kuttner ignores: Markets, more than regulators, tend to be self-correcting, and we should never lose sight of the fact that America has done passably well in the last 20 years as many regulations have been lifted.

Kuttner also fails to sell the reader on his social views. He dreams of an America that is very different in civic virtue and communal spirit from the one we have now. In Kuttner's America, the basic assumption would be that regulation is good for the country's economic health, and that it should be carried out when needed without the kinds of subterfuges to which politicians often currently resort. But such a climate can too easily lead down a slippery slope to inefficiency and skewed incentives, not to speak of damage to America's political fiber through a weakening of the nation's democratic spirit. In his citation of Alexis de Tocqueville, Kuttner inadvertently underscores this point. De Tocqueville thought that America's democratic spirit was a result of its freedom from government-coordinated regulation, the very sort of regulation which he believed was hobbling the democratic spirit of his native France. And while a democratic spirit and a deference to publicly minded regulators may no longer be inconsistent, Kuttner does not give substantial evidence to prove that de Tocqueville's old interpretation does not remain the proper one.

What Kuttner's provocative book does do is to make a highly intelligent economic argument for the necessity of regulating economic activity when the market really does behave perversely.

David Reich *is at Oxford University.*

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Hooked on Hardware

By Lawrence J. Korb

IF YOU STILL HAVE ANY ILLUSIONS about the "peace dividend" yielded by the end of the Cold War, consider these figures: From 1947 to 1990 the U.S. spent about $4 trillion ($12.8 trillion in 1995 dollars) on defense. In the seven years since the collapse of the Soviet Empire, the United States has shelled out another $2 trillion. Without any superpower threatening us, the Pentagon is still spending at its peacetime cold war levels, and Bill Clinton's first defense budget was higher, even in inflation-adjusted dollars, than Richard Nixon's last.

How did this happen? According to Sanford Gottlieb's new book, the cause is, "defense addiction." The addiction, he explains, developed as a result of the Cold War and the undue influence of what President Eisen-hower called the military-industrial complex. Gottlieb demonstrates how, even after the Cold War, defense contractors have worked hand-in-hand with the Pentagon and Congress to create an environment that inflates not only the threats to our national security, but also the potential damage to communities that might lose the economic benefits of defense facilities and contracts. Although this is not new news, Gottlieb provides plenty of useful illustrations of the phenomenon. The late House Speaker Thomas "Tip" O'Neil's efforts to save 8,000 defense jobs for Raytheon is just one example. President Clinton also comes under fire for building unnecessary weapons systems like the Seawolf submarine. (Of course, not everyone's a villain. And some of Gottlieb's heroes are even Republicans—like John Kasich, chairman of the House Budget Committee, who stopped production of the B-2 bomber and has attempted to reduce the overall level of defense expenditures.)

The most valuable part of the book is Gottlieb's discussion of how to break the addiction. He suggests adopting a policy of "cooperative security" which would make use of multilateral interventions and international treaties to enable us to reduce our military and nuclear forces to defensive capabilities. Defense companies rendered superfluous by this shift would convert to civilian industries. To bolster his case Gottlieb provides a number of examples of companies that retained their employees by selling to civilian government agencies and entering the commercial marketplace. The success of such efforts, he argues, is predicated upon community involvement as well as vigorous support from state and local governments.

DEFENSE ADDICTION: Can America Kick the Habit?
Sanford Gottlieb
Westview Press
$65

This is a good book. But it would be better if Gottlieb more explicitly acknowledged two things: First, during the Cold War the military-industrial complex had some real successes. Second, economic conversion is impractical for many large defense firms. Ultimately, the best conversion policy is a strong, growing economy that provides jobs to displaced defense workers.

LAWRENCE J. KORB *is a senior fellow at the Brookings Institution.*

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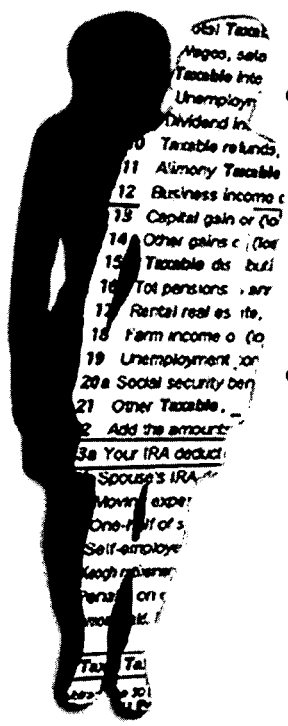

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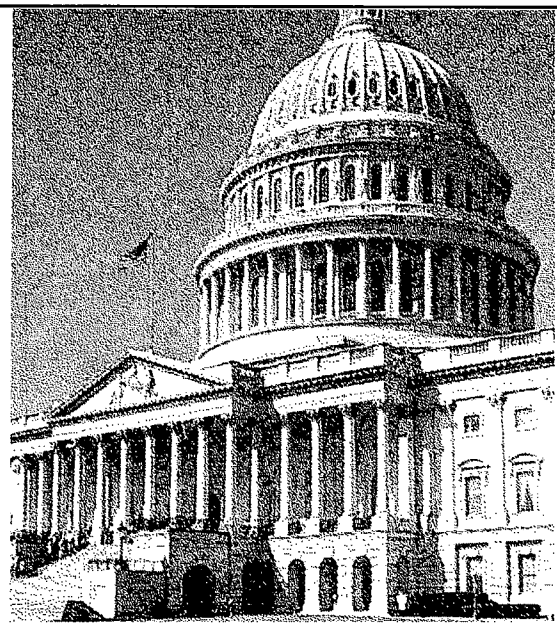

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